



# ***Daily Report***

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## **China**

FBIS-CHI-89-225  
Friday  
24 November 1989

# Daily Report

## China

FBIS-CHI-89-225

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24 November 1989

NOTICE TO READERS: An \* indicates material not previously disseminated in electronic form.

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## General

### Li Peng Interviewed on International Relations

AU2311202389 Hamburg DIE WELT in German  
23 Nov 89 p 6

[Interview with PRC Premier Li Peng by DIE WELT chief editor Manfred Schell in Beijing headlined "Li Peng: It Is High Time That the Sanctions Fall"; date not given]

[Text] DIE WELT: Has Mikhail Gorbachev's visit to Beijing resulted in a breakthrough in mutual relations? What criteria determine China's relations with Moscow today? After all, since Deng Xiaoping's visit in 1963, Moscow had been rather silent.

Li Peng: Yes, again since 1963—that is, for more than 25 years—Chinese-Soviet relations had not been normal. However, relations returned to normal because of Gorbachev's visit. But this normalization does not apply to the ties between two communist parties; only the relations between the two states have again returned to normal. Some day this will also be the case for the communist parties of the two countries. The normalization of relations benefits primarily stability in the Asia-Pacific region independently of whether China maintains friendly relations with other countries.

However, the conditions in the Soviet Union and China are completely different, although both practice socialism and are speeding up reforms. The roads are different.

DIE WELT: Have bilateral questions with the Soviet Union, primarily the border questions, now receded into the background?

Li Peng: We also discussed the border questions with Gorbachev this time. Both sides agreed to reduce the armed forces near the border in order to create good conditions for the normalization of relations. The final solution of the border questions is to be achieved by negotiations.

DIE WELT: How will China's relations with the EC develop, above all against the background of the cooling in the past few months?

Li Peng: We want cooperation with the EC. However, after the counterrevolutionary rebellion was crushed, the EC passed a resolution and approved sanctions against China. The Chinese side is not responsible for the deterioration of relations. I hope those who are responsible for this will reconsider their policies and take the initiative to improve relations with China again.

From our point of view, the gate to the EC is wide open. We also noted that the individual countries took different positions. Compared to others, Chancellor Kohl and Foreign Minister Genscher assumed a relatively reasonable attitude, although the Federal Government was in favor of the sanctions. We also noted this.

DIE WELT: If I understand you correctly, with regard to relations with the EC, you bank on disharmony in the member-states and on the time factor?

Li Peng: The disharmony and the differences were expressed by the fact that some were too emotionally incensed and acted precipitately because of the distorted reporting. Others remained sober-minded because of their long-term point of view and their assessment of the overall situation. I predict that it is only a matter of time until attitudes toward China are changed and the sanctions are suspended. There are some who want to advance and others who follow them, like a person moving his legs. The point now is who will make the first step.

I want to tell you why I believe the EC sanctions will be rescinded and relations with China will improve. Those who imposed sanctions against China will realize sooner or later that it was unreasonable to close the door to a country with 1.1 billion inhabitants. Although an isolated China, a China in isolation, does not serve Chinese interests, it cannot be in the interest of international affairs either. Thus, domestic and foreign policy factors converge here. The situation in China is stable today.

After the fourth plenary session of our party's Central Committee, we formed a new leading body with General Secretary Jiang Zemin as its central figure. This new leadership has started to exercise its functions. The world followed with great interest Comrade Deng Xiaoping's resignation as chairman of the Military Commission. This resignation also shows that China's internal stability is guaranteed. With regard to external factors, foreign politicians can see that China pursues a foreign policy aimed at peace. We do not pose a threat to other countries.

DIE WELT: Why has Deng Xiaoping now resigned? General Secretary Jiang Zemin stated only recently at an international press conference that the Central Committee plenary session will deal exclusively with questions of economic policy.

Li Peng: When choosing the date, we took Deng Xiaoping's wishes into account. He said that he should resign while he is still in good health.

DIE WELT: A man like Deng Xiaoping does not simply resign. What will "citizen" Deng Xiaoping do in the future?

Li Peng: As a politician who is highly respected and who did great service for China, his opinion will continue to be very important for us.

DIE WELT: Mr Premier, what political and economic course is China taking with its 1.1 billion inhabitants? What priorities determine the PRC's current policy?

Li Peng: The socialist system is practiced in China. At the same time, however, China is a developing country. Therefore absolute priority is given to the development of the economy. We have set ourselves the goal which we

want to implement in three stages: first, doubling the gross national product from 1980 to 1990 and satisfying the people's basic needs such as food and clothing. We already mastered these tasks in 1988. Second, we will double the present gross national product once again by the end of the century. For this we need an annual economic growth rate of approximately 6 percent. Therefore, we are maintaining our policy of opening up. The third step means that, from the next century onward, it will take us approximately 30 years to bring the country closer to the level of an average developed industrial state.

This is a very difficult task with a population of 1.1 billion people, and our population is constantly growing, despite the family planning policy. We expect a demographic growth rate of 14 million people per year. Thus, we are facing competition between the increase in population and economic growth.

**DIE WELT:** China is also a world power; Beijing thinks in terms of world politics. However, the system of coordinates in world politics has changed. Communism in the GDR is being dissolved; there are no longer communist governments in Hungary and Poland. And in the Soviet Union, Gorbachev initiated a "revolution in the revolution." What is your view on these processes?

**Li Peng:** It is only natural that China pays great attention to the changes in the world. Peaceful international surroundings and stability within our country come first for us. Given these prerequisites, we will be able to achieve our economic policy objectives. The people concerned are to determine for themselves what type of system is practiced in their country. We chose the socialist system. This decision is based on historical and topical reasons.

From the historical point of view, China was formerly a semifeudal and semicolonial country which was degraded by the imperialists. The Japanese imperialists triggered a war of aggression against China. At that time, there were several political forces in China which were led by Sun Yat-sen and Chiang Kai-shek. They advocated capitalism, but they were not successful. We respect Sun Yat-sen very much. He was a great bourgeois revolutionary, a forerunner of our revolution. However, he was not successful with his ideas of practicing capitalism in China.

The real reason for the decision in favor of socialism is that China is an underdeveloped country with very limited wealth. If we were to introduce capitalism, this would result in deep contrasts. The rich would become richer and richer and the poor poorer and poorer. This would lead to chaos and society would not develop further. Of course, there are also people in our country who advocate that we leave the socialist course, but the whole of the nation is in favor of the other decision.

**DIE WELT:** Can it be ruled out that things that happen in the Soviet Union under the keyword of "reformist movement" also affect China?

**Li Peng:** In our country there are also reforms, economic as well as political ones. However, our reforms mean the self-perfection of the socialist system and not giving up the socialist course and taking the capitalist road. Some think that China is taking a step back with regard to reforms, because they do not know the concrete meaning of reform in China. One criterion of their assessment is whether the share of the market economy is increasing in China. However, they do not see whether the economy is developing. They also forget that we are practicing a planned economy together with the regulation of the market in China.

**DIE WELT:** From the Western point of view—you may regard this as a prejudice—the situation is like this: China has a relatively young premier, who is 61 years old and advocates a consistent, hard political line, but there is also a team of old men who stick to status quo thinking.

**Li Peng:** You see, our esteemed Mr Deng Xiaoping, who struggled for our revolution and the building of our state, gave up his last office at the Central Committee plenary session on 9 November. He resigned with the intention of abolishing the system according to which a person can keep his office for life. Generally speaking, the following shall be valid for China: The age of a minister must not exceed 65 years. A vice minister must not be more than 60 years old. However, exceptions can be made in special cases. In addition, terms of office have been defined. The premier and the chairman of the National People's Congress can only hold office for two terms of 5 years each.

Of course, we have many experienced revolutionaries whom we frequently ask for advice after their resignation. However, the responsibility lies with the Communist Party headquarters and the State Council. Legislation lies with the National People's Congress. Perhaps by your question you are asking whether there are conflicts between older and younger politicians. I believe that we solved this problem in China relatively well. The older politicians support us in their work, but they do not hinder us. The responsibility lies with us. If we do something wrong, we, not they, bear the responsibility.

**DIE WELT:** You have said that China is maintaining its policy of opening up. Does this mean that China gives guarantees to everyone who wants to invest capital here?

**Li Peng:** Yes, guarantees are given for this. The policy of reform and opening up is continued. By reform we understand political and economic reform. The Central Committee plenary session has affirmed that this policy will not be changed, but implemented. We developed several laws which ensure the taking up of foreign capital and the establishment of joint ventures in China.

In the past few years, we also raised many credits, credits from foreign governments, as well as project-tied credits and financial credits. Thus, we undertook certain obligations, and we will pay these credits back. Although we have some economic problems currently, China is

capable of repayment. We have examples of good cooperation with the FRG: for example, the project with the Volkswagen Company in Shanghai and underground construction in Shanghai. We will continue these projects. The extrusion casting and cold rolling mills of the Baoshan Steel Complex near Shanghai were imported from the FRG.

**DIE WELT:** What do you say to enterprises which react to the latest events by stating that it is too risky to invest in China?

**Li Peng:** I believe it would not be enough if I were to tell them that the political situation in China is stable, that the economy will further develop, and that the reformist policy will be continued. Actions will be far more convincing.

That is to say, we are open for talks on new cooperation projects. It is safe and reliable to invest money in China. There is another cooperation project between China and Japan: It has taken one enterprise only 22 months to start yearly production of 1.8 million television picture tubes. This is a joint venture with the Japanese National Electric Company. This enterprise started production on 1 July, that is, shortly after the events, shortly after the termination of the counterrevolutionary rebellion.

If an entrepreneur somewhere in the world doubts that investments in China are safe, he should come here and visit this plant. China has an annual production capacity of 15 million color television sets.

**DIE WELT:** I will put it from the German point of view: Much euphoria was involved in the economic relations with China. There were also indications that the pace set by China was too fast. Meanwhile, both sides have probably become more sober-minded.

**Li Peng:** Both things are correct. The speed, as well as the expectations, were too high. We speeded up too much, not in our planning, but in practice. This has caused problems. There is a discrepancy between the processing industry and the traffic, transportation, and raw materials industries. The processing industry has developed too quickly. Energy and raw material supplies were not able to keep pace with this, so that it is impossible to guarantee the full utilization of these enterprises. Too many production facilities, for example, for refrigerators, washing machines, pocket calculators, canned beverages, and men's ready-made clothes, were imported; therefore, the government established guidelines. If foreign entrepreneurs are interested in cooperation with us, we will present our views on investment priorities.

**DIE WELT:** As you say, there are energy supply problems. So why does China hesitate as far as the use of nuclear power is concerned? Or were you scared by the Chernobyl accident?

**Li Peng:** No, Chernobyl is not the reason. The main reason is that the cost of the investment is too high. Leaving the Chernobyl type out of consideration, we do

not doubt the safety of nuclear power plants. But we have nuclear power plants from France and Germany. The pressurized water reactors, as are built in the FRG and France, are safe. However, the cost of a nuclear power plant is three times that of a coal power plant. Moreover, we have enough coal and water power. Therefore, nuclear power can only be a supplementary energy source, not the primary one.

**DIE WELT:** When will the first nuclear power plants be put in operation?

**Li Peng:** Two nuclear power plants are under construction. The one is in Qinshan near Shanghai and has a capacity of 300 megawatts. This power plant will be put into operation in 1990. The second is near Guangzhou and has a capacity of 900 megawatts. The nuclear part is built by France and the "conventional" part is supplied by Great Britain. This power plant is to be put into operation in 1992. The English and the French did not withdraw their technicians during the riots in China. They continued their work. This is really interesting. There are simply many contradictions.

## Foreign Ministry Holds Weekly News Briefing

### U.S. Bill 'Unacceptable'

OW2311111989 Beijing XINHUA in English  
1059 GMT 23 Nov 89

[Text] Beijing, November 23 (XINHUA)—A U.S. Congress bill adopted recently waiving the two-year home residence requirement for Chinese students having J-1 visa in the United States runs counter to the Sino-U.S. agreement and does not comply with the common international practice, said a Chinese Foreign Ministry spokesman here today.

In response to a question at a news briefing, the spokesman said it is an international practice to request government-financed personnel studying abroad to return to their home country and give their service.

China and the United States have reached a clear understanding on this in their educational exchange programs, he said.

The so-called basis of the bill is even more unacceptable, he said, adding that "We have all along opposed the adoption of such bills of the U.S. Congress, which seriously jeopardize the Sino-U.S. educational exchanges and further deteriorate the bilateral relations."

"We have made representations with the U.S. Government on this on many occasions. The Chinese Government will also make some due response," he said.

He said that China's policy of sending students to study abroad will continue.

When asked on what measures have been taken by the Chinese Government to attract more students to return home, the spokesman said the Chinese Government is



taking a series of measures to properly settle the returned students and offer them opportunities to play their role in the modernization drive.

#### **Position on 'Criminals' Abroad**

*OW2311110289 Beijing XINHUA in English  
1040 GMT 23 Nov 89*

[Text] Beijing, November 23 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that China is resolutely opposed to any country having diplomatic relations with it to allow Chinese criminals to engage in anti-Chinese Government activities on its territory.

He made this reaffirmation at a newsbriefing when asked if the Chinese Government plans or has contacted with the Australian Government on the issue that the Paris-based so-called "Front for Democracy in China" [FDC] is to establish a branch in Australia.

The spokesman said China's principled stand on this issue is well-known and has been made clear on many occasions.

He said that the "FDC" organizers are criminal law offenders wanted by the Chinese police for instigating and organizing the counterrevolutionary rebellion in Beijing. Their "front" is aimed at overthrowing the Chinese Government, he added.

He pointed out that it is an open violation of the international law and the norms governing relations between nations for any country having diplomatic relations with China to allow these people to engage in such kind of activities in its territory. It also constitutes a gross interference in China's internal affairs.

#### **Missile Sale to Syria Denied**

*OW2311104189 Beijing XINHUA in English  
1031 GMT 23 Nov 89*

[Text] Beijing, November 23 (XINHUA)—Chinese Foreign Ministry spokesman Jin Guihua said here today the report that China is going to provide medium-range missiles to Syria is "utterly groundless".

At a weekly news briefing here this afternoon, the spokesman said that China has all along adopted a serious attitude towards the question of selling missiles.

Despite a few missiles sold to Saudi Arabia, China has not sold, or is not prepared to sell, any medium-range missiles to any Middle-East countries, he said.

#### **Condolences on Lebanese Leader's Death**

*OW2311093389 Beijing XINHUA in English  
0904 GMT 23 Nov 89*

[Text] Beijing, November 23 (XINHUA)—Chinese Foreign Ministry spokesman Jin Guihua said here today that "We hereby express our profound condolences over the tragic death of Mr. Rene Mu'awwad, president of Lebanon."

At a weekly news briefing here this afternoon, Jin said that China is against all forms of terrorist activities and has all along deeply sympathized with the Lebanese people who have suffered bitterly from the scourge of war.

China sincerely hopes that the conflicting factions in Lebanon will, setting store by their national interests, work positively for national reconciliation and seek an early restoration of peace and tranquility, the spokesman said.

#### **5 Observers To Join UN Peacekeeping Group**

*OW2311002489 Beijing XINHUA in English  
2001 GMT 22 Nov 89*

[Text] United Nations, November 22 (XINHUA)—China will send five military observers for the first time to serve in the United Nations Truce Supervision Organization (UNTSO), one of the 13 UN peace-keeping operations.

In his letter addressed to the president of the Security Council on November 15 but made public today, Secretary General Javier Perez de Cuellar accepted the offer by China to contribute five military observers to serve in UNTSO. He also accepted the offer by Switzerland to contribute the same number of UNTSO military observers.

The UN chief asked the president to bring this matter to the attention of the council members.

Chinese Ambassador Li Luye, in a letter in the name of the president of the Security Council for the current month, informed the UN chief that all the council members have agreed to his proposals.

UNTSO was established during the first Arab-Israeli war in 1948, with its headquarters in Jerusalem, to supervise the truce called for by the Security Council in Palestine. It is composed of 298 officers from 19 countries. Today, in addition to deployment in Egypt's Sinai Peninsula, the Lebanese capital of Beirut and the Jordanian capital of Amman, UNTSO military observers also assist the United Nations Disengagement Observer Force (UNDOF) and the United Nations Interim Force in Lebanon (UNIFIL) in monitoring the implementation of relevant ceasefire agreements and maintaining peace in the troubled areas of the Middle East.

China has in recent years expressed its desire to participate in the UN peace-keeping operation so as to make a greater contribution to world peace. China was accepted by the UN General Assembly last year as a member of the special committee on peace-keeping operations.

Since then, China has sent 20 civilian officials to Namibia to join the United Nations Transition Assistance Group (UNTAG) in supervising the independence process in the South African-occupied territory.

## Further on Julius Nyerere Visit

### Yao Yilin Hosts Banquet

OW2111193789 Beijing XINHUA in English  
1435 GMT 21 Nov 89

[Text] Beijing, November 21 (XINHUA)—The developing countries should rely on their own strength to strengthen South-South cooperation and promote North-South dialogue in order to redress the unfair and unreasonable international economic order, Chinese Vice-Premier Yao Yilin said here this evening.

Speaking at a banquet he gave this evening for Julius K. Nyerere, chairman of the South Commission and chairman of Chama Cha Mapinduzi Tanzania (the Tanzanian Revolutionary Party), the Chinese vice-premier said that since the beginning of the 1980s, more and more defects have cropped up in the existing international economic system, which are posing serious impediments to the advance of the developing countries.

While the North-South dialogue is at a stalemate, there has been an increase in acts of interference in the internal affairs of the developing countries and attempts to impose on them the Western model of economic development, Yao added.

Yao said that the South Commission has worked fruitfully in the past two years in promoting the developing countries to enhance cooperation and achieve self-reliance so as to be able to conduct dialogues with the developed countries on the basis of equal footing and mutual benefit.

He said that China stands for the establishment of a new international political order and a new international economic order based on the five principles of peaceful coexistence. China supports the North-South dialogue and actively participates in South-South cooperation.

He said that China remains committed to the attainment of common development of the Third World countries through mutual assistance, unity and cooperation.

In reply, Chairman Nyerere said that he is here as chairman of the South Commission and to brief the Chinese leaders the work of the commission and learn about things that are going on in China.

He said that the developing countries have to develop in a manner which allows the people of their countries to shape their own future—to remain Chinese or African, or Latin American—and to be governed according to the system they themselves have chosen as best and most appropriate for them and their circumstances.

For the last two years, he said, the South Commission has been trying to review the experience of the past thirty or forty years of development effort in the South and to draw lessons from it.

He said that there is no hope for most of the countries of the South unless they work together. By working together

in the South they can each increase their own prosperity and rate of development. Working together in solidarity they can influence the decision making processes of the world.

### Meets Deng Xiaoping

HK2311082689 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0715 GMT 23 Nov 89

["Deng Xiaoping Calls on Nyerere"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 23 Nov (ZHONGGUO XINWEN SHE)—Deng Xiaoping went to the Diaoyutai State Guesthouse this morning to call on his old friend Chairman Nyerere who had come from Africa. This is his first meeting with a guest at the guesthouse since he withdrew from China's leadership.

The old friends were extremely happy when they met each other. Deng Xiaoping stretched out both arms when he was still five or six steps to Nyerere. While they embraced each other, Nyerere said with a smile: I am very glad to meet you again.

Deng Xiaoping replied: Since we are old friends, I have to come here to see you. I have already retired and this will probably help me live a few years longer.

After taking a seat, Deng Xiaoping said that Nyerere looked healthier than the last time they met each other. He said: We are glad to see you in good health. Africa needs you. With the efforts made by the Frontline States over the years, the Namibia issue is finally resolved. However, problems in Africa cannot be solved in just a few years. So, your South Commission will have plenty of work to do.

Deng Xiaoping continued: There are still quite a few old colonialists, new colonialists, and hegemonists and people advocating power politics around. Hence, the conditions for the poor and weak countries to free themselves and stand up will be more difficult than in the past. They will have to undergo arduous struggles.

During the 40-minute meeting, Deng Xiaoping told Nyerere that they should only talk about friendship and not politics. If Nyerere comes again, Deng will meet him again. "We will have a long talk about our friendship."

When Nyerere said that Deng Xiaoping looked healthy, Deng replied: "Not too bad. I always have minor complaints though none of them are major ones. After all, I am 85."

After bidding farewell to Deng Xiaoping, Nyerere, chairman of the South Commission and chairman of the Tanzanian Revolutionary Party, left for Zhongnanhai to meet General Secretary Jiang Zemin.



**Meets Jiang Zemin**

OW2311114089 Beijing XINHUA in English  
1036 GMT 23 Nov 89

[Text] Beijing, November 23 (XINHUA)—China will continue to learn advanced scientific technology and managerial experience from the West but will resolutely resist decadent stuff of capitalism, Chinese Communist Party General Secretary Jiang Zemin said here today.

Jiang made the remark when he met Julius K. Nyerere, chairman of the South Commission and chairman of the Tanzanian Revolutionary Party, here today.

Development of economy and science and technology in the present-day world has brought about closer contacts among various countries, he said. It is impossible for any country to close itself to international intercourse.

China will persist in opening and reforms while abiding by the four cardinal principles so that the country's modernization can proceed along the road of socialism under the leadership of the Chinese Communist Party, Jiang said.

It is of the first importance for China to develop its economy in a stable situation, he said. "A stable political situation and a developed economy will place us in an invincible position."

China fears no external pressure, he said. "We're confident."

Jiang called Nyerere an "old friend of China's revolutionaries of the first generation". "I came back yesterday to Beijing from Yunnan Province specially to welcome you, and I'm very glad to get acquainted with you," he told Nyerere.

He conveyed to Nyerere the regards from Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference.

Talking about international situation, Jiang said peace and development remain the two major trends in the world.

In relation to what is happening in some countries, Jiang said that China abides by the five principles of peaceful coexistence. China does not interfere in other countries' internal affairs, nor will it allow other countries to interfere in its internal affairs.

After the meeting, Jiang hosted a banquet in honor of Chairman Nyerere, who is scheduled to leave China later today.

**Meets Yang Shangkun**

OW2211154689 Beijing XINHUA in English  
1224 GMT 22 Nov 89

[Text] Beijing, November 22 (XINHUA)—President Yang Shangkun reiterated here this afternoon that

China's policy of opening to the outside world will absolutely not change and that China hopes to accelerate the opening.

While meeting with Julius K. Nyerere, chairman of the South Commission and chairman of the Tanzanian Revolutionary Party, Yang said China is "firmly and fearlessly" taking its own road.

"We are confident," he said, "that we can do our own thing well."

The economic sanctions that some Western countries have imposed against China will also harm themselves, and he believes that such sanctions cannot last long.

Yang said: "Some people are trying to close China's door from the outside, but the door certainly cannot be closed."

The president said Chairman Nyerere is a statesman the Chinese people are familiar with and an old friend of theirs. Yang appreciated the fruitful work his South Commission has done for the Third World.

Nyerere briefed Yang on the South Commission and expressed his satisfaction with the development of the Tanzanian-Chinese friendship.

He said that as China is a big Third World nation, a strong China means a strong Third World. He wished China constant progress.

**United States & Canada****Foreign Ministry Responds to U.S. Immigration Act****U.S. Charge Summoned**

OW2411120689 Beijing XINHUA Domestic Service  
in Chinese 0956 GMT 24 Nov 89

[Text] Beijing, 24 Nov (XINHUA)—Chinese Vice Minister of Foreign Affairs Liu Huaqiu today summoned Lynn Pascoe, charge d'affaires ad interim of the U.S. Embassy in China, making serious representation with him in connection with the passage of the "1989 Emergency Chinese Immigration Relief Act" by the House of Representatives and the Senate of the U.S. Congress on 19 and 20 November, respectively.

Liu Huaqiu said: In this act the U.S. Congress has decided to exempt all Chinese students holding J-1 visas from the restriction that they must return home and serve the country for 2 years. The Chinese Government is extremely indignant about this conduct of the U.S. Congress and has lodged a strong protest with the U.S. Government regarding this act, which seriously hurts Sino-U.S. educational exchange and will cause Sino-U.S. relations to further deteriorate.

Liu Huaqiu pointed out: Demanding that students studying abroad at government expense return home to serve their country after finishing their studies abroad is

in line with international practice. China and the United States reached a clear understanding in connection with this issue in June 1986. This act adopted by the U.S. Congress has not only directly violated international practice but has also seriously undermined the bilateral accord reached by China and the United States. This act of the U.S. Congress is a full exposure of power politics, and the legislative basis it endorses is extremely absurd and can never be accepted by China.

Liu Huaqiu added: In connection with the attempt of the U.S. Congress to adopt this act, China has on many occasions made representations with the United States indicating China's solemn and just stand and serious concern and demanding that the U.S. Government halt the act's passage. The U.S. side, however, failed to match its words with deeds and did not take any effective measures. Thus the U.S. Government cannot shirk its responsibility for the passage of this act by the U.S. Congress.

Liu Huaqiu said: The Chinese Government always attaches great importance to actively supporting educational exchange, considering it a mutually beneficial aspect of Sino-U.S. bilateral relations having a far-reaching significance in promoting friendship between the people of our two countries. It has been our hope in recent months that these disputes between China and the United States would end so that we might work together to explore the future and so that Sino-U.S. relations can be normalized again at an early date. We do not want to see the educational exchange between China and the United States interfered with and undermined. It is regrettable that the U.S. Congress has clung obstinately to its course and blatantly adopted this anti-China act, thus further poisoning [du hua 3021 0553] relations between our countries. If this perverse act is not stopped in time, it will certainly have serious consequences for relations between our countries.

Liu Huaqiu said: We have taken note that the U.S. side has indicated time and again that the U.S. Government is opposed to the passage of this act by the U.S. Congress. We hope the U.S. Government will take immediate actions to match its words with deeds, and we also hope the U.S. President will veto this act adopted by the U.S. Congress; otherwise, the Chinese Government will be compelled to make a strong response, and all the consequences arising therefrom shall be borne by the U.S. side.

#### **'Strong Protest' Lodged**

OW2411112089 Beijing XINHUA in English  
1102 GMT 24 Nov 89

[Text] Beijing, November 24 (XINHUA)—China today lodged a strong protest with the U.S. Congress which adopted an Emergency Chinese Immigration Relief Act earlier this week.

The protest was lodged by Liu Huaqiu, vice-foreign minister, at a meeting by appointment with B. Lynn Pascoe, charge d'affaires ad interim of the U.S. Embassy in China.

#### **New Ambassador to U.S. Profiled**

HK2411093389 Hong Kong KUANG CHIAO CHING  
in Chinese No 206, 16 Nov 89 pp 26-28

[Article by Wei Mu (7279 2606): "Story of Zhu Qizhen (2612 0796 4394), the New Chinese Ambassador to the United States"]

[Text] Zhu Qizhen, the New Chinese Ambassador to the United States, Treats All Levels, Be It His Superior or Subordinate, Equally

Premier Li Peng of the PRC recently said that Sino-U.S. relations are now at a critical juncture and that the PRC would like to see these relations restored and developed, but the key to the problem is in the hands of the United States

China appointed the new ambassador, Zhu Qizhen, to the United States at a time when Sino-U.S. relations were tense and heading for a low ebb. What, then, is special about Zhu Qizhen's past experience? And what is his background as a diplomat?

He is unassuming, amiable, earnest, and generous. These are comments about Zhu Qizhen by many in the Chinese Foreign Ministry and are also my impressions of him through many contacts. I have several times observed that, no matter whether he is reporting to his superiors on his work or talking to his colleagues or young staff members under him, Zhu Qizhen always wears the same smile. This is probably why he has so many friends and maintains very good relations with his colleagues.

Not long ago, I had a chat with the new Chinese ambassador to the United States.

The subject of the talk naturally began with his new appointment. I told him that many foreigners were interested in how he would deal with Sino-U.S. relations during his appointed term and where he planned to put the focus of his work at the moment.

"I would like to work hard to help in the promotion of friendship and mutual understanding between people in the two countries and toward the improvement of Sino-U.S. relations." His answer is simple and straightforward, as is his usual style.

Li Peng, who is in charge of the Foreign Affairs Group of the CPC Central Committee, reportedly said in October that the history of post-war international relations has shown that bloc politics and power politics get nowhere and interference in other nation's internal affairs or imposing one's own value judgments upon others don't work either. China and the United States should reserve their respective stands on their differences and at the same time make joint efforts to develop mutual benefits.

If in future the Americans make some positive and favorable moves, they would meet with immediate welcome and reciprocation from China.

#### **A Diplomatic Career of 40 Years**

Aged 61, tall and strongly built, Zhu Qizhen was born into a top-grade intellectual family in Yixing, Jiangsu Province. His father is a senior engineer specializing in railroad engineering. Zhu Qizhen was admitted into the political science department of St. John's University, Shanghai, in 1944 and graduated 4 years later. During this period, he came to have a good command of English and secretly joined the CPC. This laid a solid foundation for his future elevation into political circles to become a professional diplomat.

In 1949 he was transferred from Shanghai to Beijing and entered the Foreign Ministry in the first group of foreign affairs workers. From then on, during the 40 years of his diplomatic career, Zhu Qizhen visited more than 70 countries and regions; worked for 12 years at Chinese embassies in countries such as Egypt and Australia; and held, in chronological order, the posts of second secretary, first secretary, section chief, deputy department director, counselor, department director, and assistant minister. In August 1984 he began his new role as vice minister in charge of the affairs the Americas and Oceania and stayed at this post until he was appointed ambassador to the United States, resigning the post of vice minister of the Foreign Ministry. **Li Peng Praises Zhu Qizhen's Knowledge of the United States**

When Chinese Premier Li Peng nominated Zhu Qizhen as ambassador to the United States to the National People's Congress in the summer of 1989, he gave the following as his reasons: Zhu is familiar with the affairs of the Americas and Oceania, especially the United States, and has rich experience in diplomatic work and strong organizational power. Some in the Foreign Ministry who have previously worked under him observe that he is careful in his work, handles matters resolutely and efficiently, and very capably implements policies unerringly.

#### **A Chinese Expert on American Problems**

Zhu Qizhen has more or less engaged in diplomatic work concerning the United States for more than 10 years. He was present during the negotiation on the establishment of Sino-U.S. relations in 1978; and from then on, although he has never been a resident diplomat, he has visited the United States no less than 10 times, including going there for annual consultations at the vice foreign ministerial level between China and the United States and accompanying Chinese senior leaders Deng Xiaoping in January 1979, then Premier Zhao Ziyang in January 1984, Li Xiannian (then president) in July 1985, Yang Shangkun in May 1987, and Wan Li in May 1989, on their visits. Therefore, it is not inappropriate to call Zhu Qizhen a "Chinese expert on American problems."

Zhu Qizhen is optimistic about the future of Sino-U.S. relations. He said that the Chinese and Americans are great peoples and there has been consistent friendship between them. One of these two countries is the biggest developing country in the world and the other the biggest developed country; therefore, maintaining and continuously developing friendly relations is in accord with the interests of the two peoples and will contribute to international peace and stability. Zhu Qizhen hopes that Sino-U.S. relations will tide over the present crisis and gradually improve and move on.

#### **How Can We Solve the Current Problem in Sino-U.S. Relations?**

Zhu Qizhen thinks that after the "June 4" unrest in Beijing, Sino-U.S. relations were faced with a serious crisis because the United States took the lead in sanctions against China and exerting pressure on it. The solution to this problem depends on the policies and actual deeds of the U.S. Government. To impose sanctions in the hope of forcing China to give in will come to no avail, for China has always greatly valued its sovereignty and national dignity and has never yielded to any pressure.

Zhu Qizhen said Sino-U.S. relations can only be based on the Five Principles of Peaceful Coexistence. The 10 years since China and the United States established diplomatic relations have shown that the principles stipulated in the three "joint communiques" of China and the United States (i.e. the "Shanghai Communique" issued on 28 February 1972, the "Joint Communique on the Establishment of Diplomatic Relations Between the United States of America and the People's Republic of China" issued on 1 January 1979, and the "17 August Communique" on solving the problem of U.S. arms sales to Taiwan issued on 17 August 1982) are identical to the Five Principles of Peaceful Coexistence. The principles of mutual respect of sovereignty and territorial integrity and mutual noninterference of internal affairs in particular are the basis for the development of the relations between the two countries. Whenever the two countries genuinely adhere to the principles of the three joint communiques, Sino-U.S. relations progress steadily and smoothly; but when the opposite is the case, relations are undermined and meet with setbacks. Besides, the two countries should recognize and accept their differences and should explore and develop common ground. Zhu Qizhen held that China and the United States are two countries with vastly different histories, cultures, societies, and political systems; and it is only possible for two big countries to maintain and develop normal relations when neither imposes its own value judgments upon the other.

The Taiwan issue has always been a major obstacle in the development of Sino-U.S. relations. Zhu Qizhen expressed his hope that the United States would be highly prudent in handling its relations with Taiwan and fully understand that the Taiwan issue is an important one that concerns Chinese territory and sovereignty as



well as the national sentiments of the Chinese people. If the United States closely follows the principles of the three joint communiques between China and the United States, any serious setbacks in relations caused by the Taiwan issue can be avoided; and, if the United States can go a step further by taking positive measures to facilitate peaceful reunification of China at an early date, a grave obstacle in the development of relations will be rooted out. He believes that the United States would be able to accomplish something in this respect.

#### **Good Wishes and Expectations for Overseas Chinese and Other Chinese in the United States**

The United States is one of the countries with the largest communities of Overseas Chinese and other Chinese abroad. Zhu Qizhen said that there are as many as 1 million Overseas Chinese and other Chinese in the United States who are all concerned about construction in China and expect China to be rich and powerful, no matter whether they have been living there for several generations or have migrated there in the past 12 or so years. He said: I wish them prosperity in their own career and a happy family life; and I hope they will live in harmony with the American people, abide by American law, and serve as a link between the Chinese people and the American people to promote their understanding and friendship.

#### **Heavy Responsibility**

Talking with fervor and assurance, Zhu Qizhen touched upon the major work in almost all respects within the scope of his ambassadorial responsibility. His tone was firm. With a smile, he said to me: I am glad that the government has appointed me to this post, but at the same time I feel I have a heavy responsibility.

#### **Keen on Playing Bridge**

As required by my work, I have made previous contact with this former vice foreign minister on many occasions, and it was therefore natural for me to divert our topic from work to his hobbies and his family life.

Everybody has a little world of his own; and Zhu Qizhen's is playing bridge, his most important hobby, which can be traced back to his university years. His skill in playing bridge is said to be well above average. At a match organized by Diaoyutai State Guesthouse Club in Beijing in early October 1989, he and his partner Qi Huaiyuan [7871 2073 6678] (vice foreign minister of China) took first place for East and West. The winners for North and South were Wan Li [8001 6849], the bridge champion, and his partner Rong Ledi [2837 2867 1717] (son of Rong Gaotang [2837 7559 2768], the former chairman of the Chinese Physical Education Commission). When asked about this, Qi Huaiyuan said with a gentle smile: "We are just slightly above the medium level among amateur bridge players." This is probably a modest remark.

Zhu Qizhen's wife Wang Yude [3769 5940 1795] is a capable career lady. She graduated from the French Department of Beijing Foreign Languages Institute in the 1950's and later gained a good command of English. She worked in the Department of Information of the Foreign Ministry for many years and left there in 1983 to initiate the SHIJIE ZHISHI HUABAO [World Knowledge Pictorial] which is noted for its fine pictures and quality articles; she became editor-in-chief. The couple got to know each other in Shanghai in the early years and married in 1955. They have a beloved daughter, also married.

### **Soviet Union**

#### **Heilongjiang Delegation Returns From RSFSR**

SK2411010189 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 22 Nov 89

[Text] After concluding its visit to the Russian Soviet Federated Socialist Republic [RSFSR], the Heilongjiang Provincial Government delegation headed by Governor Shao Qihui returned by plane to the city of Harbin at 1200 on 22 November.

During their visit to the Soviet Union, Governor Shao Qihui and his entourage visited the cities of Vladivostok, Nakhodka, Khabarovsk, New Siberia, Leningrad, and Moscow. They paid an official visit to the Soviet Union at the invitation of Vlasov, chairman of the RSFSR Council of Ministers. This was a summit contact between the Heilongjiang Provincial People's Government and the RSFSR Government after the normalization of Sino-Soviet relations.

During their visit to the RSFSR, they exchanged opinions with RSFSR officials on expanding economic cooperation and trade and signed a summary of the talks.

### **Sub-Saharan Africa**

#### **Joint-Africa Economic Seminar Opens**

##### **Economic Researcher Speaks**

OW2111142689 Beijing XINHUA in English 1303 GMT 21 Nov 89

[Text] Beijing, November 21 (XINHUA)—China's new strategy for economic development in the past 10 years has undergone two major changes: a change in the aim of the development and a change in the specific style and methods of reaching the set goal.

This was stated in an address to the opening session of the China-African Seminar on Economic Reform and Adjustment by Ma Hong, secretary general of the Research Center for the Development of the Economy, Technology and Society of the State Council.

He said the wrong inclination of "production for production" that existed for many years has been replaced

by the concept of helping to meet the material and cultural demands of the people.

Ma told more than 100 senior government officials and experts from nine African countries and China that the change in specific styles and methods of reaching the goal for economic development was mainly demonstrated in the following ways: from blindly seeking a high speed of development to laying more stress on economic results; from an irrational emphasis on heavy industry to paying more attention to agriculture and light industry; from relying on an expanding scale of capital construction in production to giving priority to tapping the potential of existing enterprises and accelerating technical progress; from irrationally seeking a high output, especially in primary and semi-finished products in heavy industry, to attaching more importance to the variety and quality of products; and from putting undue emphasis on attaining a high accumulation rate to taking more seriously the consumption of the people.

Ma Hong, who is also vice-chairman of the Financial and Economic Committee of the National People's Congress, said the new strategy is closely linked with the reform of the economic structure and the opening to the outside world in a bid to gradually develop an export-oriented economy.

He said the opening to the outside world is not only an integral part of the economic restructuring but also a component of the development strategy.

The development strategy for coastal areas put forward by the Chinese Government enriches the country's general strategy for economic development. The strategy for coastal development is aimed at resorting more often to the mechanism of the market economy and to more flexible policies with a view to advancing the export-oriented economy while accelerating the economic development of other areas of the country.

He defined the current world economy as characteristic of a highly developed market economy and a worldwide exchange of commodities. In this situation "it is impossible for any country or region to realize its economic development without involving itself with the general development of the world economy as a whole."

Thus, Ma said, the strengthening of economic exchanges between Eastern and Western countries and among developing countries would lead to mutual reliance and mutual promotion in the developing economy among all nations.

Ma Hong added: "China will continue to carry out its policy of opening to the outside world so that the strategy for economic development is better implemented."

#### Wu Xueqian Attends

OW2111142389 Beijing XINHUA in English  
1308 GMT 21 Nov 89

[Text] Beijing, November 21 (XINHUA)—More than 100 senior government officials and economists from

China and nine African countries gathered here today to exchange experience in reforming the economic structure of their countries.

The China-African seminar on economic reform and adjustment, which opened today, was attended by Chinese Vice-Premier Wu Xueqian, who met all the African participants before the seminar began.

In his opening speech, Liu Guoguang, one of China's leading economists and vice-president of the Chinese Academy of Social Sciences, said China and African countries have been facing the same issue: how to better develop their economies and rid themselves of backwardness as quickly as possible.

China, he said, has always shown keen concern for economic development in Africa and the seminar would help China and African countries to formulate economic development strategies. The seminar is itself an important indication of the co-operation between China and African states.

At the plenary session today, Ma Hong, vice-chairman of the Financial and Economic Committee of the Chinese National People's Congress and secretary-general of the Research Center for the Development of the Economy, Technology and Society of the State Council, reported on a new strategy in China's economic development.

The strategy, he said, is one that combines both the continuing reform of the economic structure and the opening to the outside world in a bid to develop step by step an export-oriented economy.

He said: "It is impossible for any country or region to realize its economic development program without involving itself in the general development of the world economy as a whole. This is because the current world economy is characterized by a highly developed market economy and a worldwide exchange of commodities."

The four-day seminar will focus on how to improve the economic performance of state-owned enterprises, formulate pricing policy and tap the potential of labor resources in China, African states and other developing countries.

Participants in the opening ceremony were Lu Xuejian, vice-minister of Chinese Foreign Economic Relations and Trade, and resident representatives of the UNDP [United Nations Development Program] and Ford Foundation in Beijing.

#### Wan Li Meets Participants

OW2411020589 Beijing XINHUA in English  
1240 GMT 23 Nov 89

[Text] Beijing, November 23 (XINHUA)—Wan Li, chairman of the National People's Congress Standing Committee, here today met senior government officials and economic experts from nine African countries and



officials from the UNDP [United Nations Development Programme] and Ford Foundation.

The officials and experts are attending the China-African Seminar on Economic Reform and Adjustment in Beijing.

Wan said that as developing countries, China and African countries have had good political and economic relations and they are now facing the common problem of how to develop their economy and improve people's lives. They all show common concern on such issues as peace, development, population and environment.

Despite common grounds in many respects, their economic development should proceed according to the particular circumstances of their respective countries, he said.

"All developing countries, including China, should give priority to economic development," said Wan Li, "and during the process pay particular attention to the development of agriculture and education."

All developing countries can learn from one another and African countries can also learn from the mistakes China has made in its development over the past 40 years.

Referring to the opening policy, Wan Li said China has absorbed some foreign investment and more would be used in the future. However, as a big country with a 1.1 billion population, China would have to develop itself through self-reliance.

He said that China is studying ways to combine a planned economy with market regulation. "From an overall point of view," he said, "macrocontrol is necessary in a big country like China."

Referring to the so-called "elastic diplomacy and economic diplomacy" pursued by the Taiwan authorities, Wan Li said: "It is a consistent policy of the Chinese Government to oppose 'two Chinas' or 'one China, one Taiwan'." He believed that the African countries that have good relations with China can well understand it.

In his speech on behalf of all the foreign participants at the seminar, Salif N'diaye, resident representative of the UNDP in Senegal, spoke highly of the role of the seminar. He said it has promoted bilateral, multilateral and international economic and technological exchanges, particularly between China and African countries. The friendship between them has also been enhanced.

#### **Large Enterprises Viewed**

OW2411031089 Beijing XINHUA in English  
0837 GMT 23 Nov 89

[Text] Beijing, November 23 (XINHUA)—Measures are being taken to revitalize China's large and medium-sized enterprises to ensure the healthy development of the national economy, according to a senior government official.

Addressing the ongoing China-Africa Seminar on Economic Reform and Adjustment, Jiang Chunze, a senior research fellow and deputy director of the Foreign Economic Systems Department under the State Commission for Restructuring the Economy, said that the revitalization of enterprises is one of the major tasks of the nationwide campaign to improve the economic environment and straighten up the economic order.

The measures he listed include decreasing and gradually abolishing the adjustment taxes for large and medium-sized enterprises so as to reduce their financial burden and allow them to compete on an equal basis with small, collective and rural enterprises; increasing the current depreciation rate of five percent to seven percent, and within the coming five years shortening the depreciation period from the former minimum 20 years to 10-15 years. The increase in the depreciation rates will begin with the rate for capital intensive industries such as machine-building and electronics, Jiang said.

Formulation of regulations is underway to ban all unreasonable demands upon enterprises while shrinking the scope of state planned production quotas to ensure the enterprises as much leeway as possible to sell more above-quota products by themselves.

More large and medium-sized enterprises would be granted the right to directly manage foreign trade so that they can handle imported materials and components for producing export commodities, the deputy director noted.

China now has 1,710 large and more than 4,100 medium-sized industrial enterprises. Though they make up only 1.67 percent of the total number of industrial enterprises of the country, they possess nearly two thirds of the total fixed assets with 47.1 percent of the national industrial output value. Their annual state taxes account for 65.9 percent of the national total.

#### **Further on Li Tieying's Central African Tour**

##### **Signs CAR Loan Agreement**

OW2211052189 Beijing XINHUA in English  
0212 GMT 22 Nov 89

[Text] Bangui, November 21 (XINHUA)—China has offered an interest-free loan to the Central African Republic (CAR).

The loan agreement was signed during a visit by a Chinese Government delegation led by China's State Councillor Li Tieying in the CAR. The figure of the loan is unknown.

Meanwhile, CAR's President Andre Kolingba today had a friendly conversation with Li in his presidential Renaissance palace. Li left CAR today for the Congo to continue his African tour which has also brought him to Chad and Cameroon.

**Praises Congolese Relations**

OW2411004389 Beijing XINHUA in English 0706  
GMT 23 Nov 89

[Text] Brazzaville, November 22 (XINHUA)—Visiting Chinese State Councillor Li Tieying said here today that the development of Sino-Congolese cooperation is in the interest of the two peoples.

Li, chairman of the Chinese Educational Commission, and Daniel Abibi, chief of the Department of Education, Ideology and Political and Civil Formation of the Congolese Labor Party Central Committee, pledged to strengthen the already good relations the two countries enjoy.

Earlier, they held talks on the world and African situation as well as debt problems of the developing countries.

Li and his entourage also visited a Chinese-aided state farm at Kombe, 17 kilometers from the capital, too. He praised the friendship of the Chinese and Congolese workers there in working for the Congo's food self-sufficiency.

The 510-hectare farm was constructed with Chinese aid in 1971 and renovated in 1983 with the help of 12 Chinese experts and 34 Congolese cadres.

**Announces Congo Aid Package**

OW2411033889 Beijing XINHUA in English  
0156 GMT 24 Nov 89

[Text] Brazzaville, November 23 (XINHUA)—China will offer aid of 20 million CFA [African Financial Community] francs (over 625,000 U.S. dollars) to help the Congo develop a professional primary teaching training program.

This was announced here today by visiting Chinese State Councillor and head of a government delegation Li Tieying while meeting Congolese Minister of Secondary and Higher Education Rodolphe Adada.

The two officials on the occasion also discussed ways to promote cooperation between the two countries in the fields of education and scientific research.

Li Tieying, when meeting acting Foreign Minister Jean Baptiste Tati-Loutard and Cultural Minister Pascal Ngayama on the same day, reiterated that China will never submit to external pressure and predicted that the economic sanctions imposed against China will surely be doomed to failure.

He also reaffirmed that China's domestic and foreign policy will remain unchanged.

**Meets Li Ximing Meets Tanzanian Delegation**

OW2211155689 Beijing XINHUA in English  
1202 GMT 22 Nov 89

[Text] Beijing, November 22 (XINHUA)—Li Ximing, member of the Political Bureau of the Chinese Communist Party Central Committee, met here today with a delegation from the Tanzanian Revolutionary Party (CCM).

Headed by Salmin Amour, member of the Central Committee of the CCM and Economic Planning Secretary of the National Executive Committee of the CCM, the delegation is here at the invitation of the Chinese Communist Party.

**East Europe****Further on Romanian Party Congress****Qiao Delivers Congratulations**

OW2211200689 Beijing XINHUA in English  
1557 GMT 22 Nov 89

[Text] Bucharest, November 22 (XINHUA)—The Chinese Communist Party (CPC) Central Committee has sent a letter to the Romanian Communist Party (RCP), congratulating the successful convening of the RCP's 14th congress, which began here Monday.

Qiao Shi, member of the Standing Committee of the CPC Politburo and head of the CPC delegation invited to the gathering, handed the letter to the congress.

The letter said that "the RCP has a glorious history of 70-year-old revolutionary struggle. Through long and heroic fighting, the RCP led the Romanian people in successfully establishing the people's power, embarking on the broad road of socialism and turning up a new chapter in the history of Romania."

"In the years of socialist construction, especially since the ninth congress in 1965, the RCP, under the leadership of Comrade Nicolae Ceausescu, has inherited and developed the glorious revolutionary tradition and formulated policies of socialist revolution and construction independently in the light of the concept of scientific socialism," the letter said.

It added that the party "has resolutely led the Romanian people in marching forward along the road of socialism, and made great efforts in building Romania into a socialist country with modern industry, agriculture and advanced science and culture."

"As for foreign relations, the RCP has pursued an independent policy, advocated the principle of respecting other countries' independence and sovereignty, and of equality, mutual benefits and non-interference in each other's internal affairs. It also has firmly opposed power politics, actively supported the just struggle of the people in different countries, and

made positive contributions to the ease of international tensions and the safeguarding of peace and security in Europe and in the world as a whole," it said.

"The opening of the RCP's 14th congress is an important event in the Romanian people's political life. We believe that the program of the party congress, a new five-year plan, and a blueprint for the years between 2000 to 2010, which are to be discussed and approved at the congress, will present a brighter prospect for the construction of your beautiful country—socialist Romania. We sincerely hope that the Romanian Communist Party and people will achieve greater progress in the new stage of historical development."

"The Chinese and Romanian parties and peoples have always sympathized with and supported each other in the long period of common revolutionary struggle and construction."

The letter concluded: "The Chinese Communist Party and Chinese people will, as always, make persistent efforts to strengthen and develop the traditional friendship between the two countries on the basis of the principle of independence, full equality, mutual respect and non-interference in each other's internal affairs."

#### RENMIN RIBAO Interviews Ceaucescu

HK2011072389 Beijing RENMIN RIBAO in Chinese  
18 Nov 89 p 4

[Report by Yan Zheng (0917 2973): "Interviewed by a RENMIN RIBAO Reporter, Ceaucescu Says Romania Will Uphold Socialist Principles and Vigorously Promote Romanian-Chinese Friendship"]

[Text] Bucharest, 17 Nov—On the eve of convocation of the 14th National Congress of the Communist Party of Romania [CPR], Comrade Ceaucescu, secretary general of the CPR Central Committee and president of the Socialist Republic of Romania [SRP], especially met and held a cordial conversation with this reporter on 14 November at the Party Central Building.

#### Romania's Tremendous Achievements in Construction Are Attributable to Socialism

At the request of this reporter, Ceaucescu first commented on the great successes achieved by the Romanian people in building socialism under party leadership. In the 45 years following social and national liberation and the antifascist and anti-imperialist revolutionary victory, he said, Romania has developed from an underdeveloped agriculture-industry country to a modern, prosperous industry-agriculture country adopting the latest scientific and technological achievements, and has embarked on the road of building a comprehensively developed socialist society. By the year 1990, that is, the end of this 5-year plan, Romania's industrial output will have increased one hundred and forty-fourfold over 45 years ago, and agricultural output will have increased by 900 percent. This year's agriculture also promises good

harvests and grain output is expected to reach 60 million tons. This year's national income will also be a thirty-ninefold increase over 1945.

While ensuring the development of various economic departments, Romania has paid particular attention to improving the material and spiritual living standards of the whole nation. During the period from 1950 to 1989, remuneration funds have increased thirty-fourfold and the average net income of staff members and workers has increased by 900 percent. To ensure that laboring people will have better residential and living conditions, Romania has attached great importance to the building of residential, public health, education, and culture undertakings, and other social facilities. Some 82 percent (90 percent in the capital) of the urban inhabitants of the whole country have already moved to new houses... These achievements indicate that Romania has attained the strategic target of heading toward being a medium-level developed socialist country.

President Ceaucescu particularly pointed out that most of these achievements were attained after the Ninth CPR National Congress, held in 1965. Proceeding from the basic point of integrating the principles of scientific socialism, dialectical materialism, and historical materialism with Romania's concrete reality, Romania eliminated certain negative phenomena at that party congress, discarded the "unified pattern" theory, and rejected the practice of indiscriminately assimilating the experience of others and the attitude of worshipping foreign things, reestablishing the sense of self-respect of the party and the people and increasing confidence in the strength of the country. With such determination and confidence, our country can effect the tremendous revolutionary change on the socialist road.

We vigorously developed socialist public and collective ownership. This was the decisive factor in all our successes. With the development of productive forces, industry, and agriculture, we attached great importance to science, education, and culture, regarding these also as decisive factors for socioeconomic development as a whole. In light of the revolutionary thinking of constantly perfecting the organization and leadership of our work as a whole, we implemented the principle of self-management, self-accounting, and self-raising of funds in all fields. We distributed industry to all parts of the country and extensively developed hundreds of new industrial bases, raising the level of civilization and creating conditions for the citizens of the whole country to enjoy genuine equality.

Proceeding from the scientific thesis "with the efforts of the people, build socialism for the people," we improved the work of the state, the Grand National Assembly, and the Committee of the People's Council Affairs and established a new democratic leadership form of setting up the committees of the laboring people in all fields of work. Following the institutionalization of the laboring people's congress of the owners, beneficiaries, and producers, the congress has now become an organ leading



the work of every unit. We also established a series of national-level congresses and a national committee leading these congresses when they are not in session. As a result, all social strata and the whole nation can extensively and organizationally participate in the leadership work concerning the construction and development of socialism.

President Ceaucescu said that experience in Romania's socioeconomic development and socialist construction will be summed up at the 14th CPR National Congress, to be held on 20 November. In the documents of the 14th CPR National Congress, extensively deliberated by the whole party and nation, and at the congress, we will clearly stipulate that all these achievements could be attained only by thoroughly abolishing the system of exploitation of man by man and upholding socialist principles. All our achievements are attributable to socialism. Moreover, only under the conditions of socialism could we have eliminated the country's backwardness left over from our ancestors and achieved such great successes within a short period.

#### **The New 5-Year Plan Puts Intensive Development in First Place, Strives To Narrow the Gap in Incomes Between Urban and Rural Inhabitants**

While describing the specific targets to be attained in the Ninth 5-Year Plan and long-term plan which will be adopted by the upcoming 14th CPR National Congress, President Ceaucescu said that the next 5-year plan (1991 to 1995) stipulates that special attention should be given to modern and scientific management, the scientific basis for the whole of industry, agriculture, and other departments, and that intensive development should be put in first place. During these 5 years, industrial production will increase 35 percent. We will produce high quality and high-tech products which can match the best of their kind in the world; continue to distribute the country's productive forces and raise the socioeconomic level of all counties and regions; and develop science, raise the overall education level of all laborers and the people of the whole country, and upgrade the intellectual level of workers and peasants. We have already started to popularize 12-year education work among the young people of the whole country.

We will settle the housing problem in urban areas before 1995 and ensure that every citizen has a housing area of at least 12 square meters and other necessary facilities. With the support of the state, we will also build new houses for workers and experts in the countryside and help the rural inhabitants improve their housing conditions. We will improve the organizations of all villages so as to ensure that the inhabitants there can have better labor, income, education, public health, and cultural conditions and that their material and cultural living standards approach the level of urban areas.

We will continue to strengthen public and collective ownership, the foundation for socioeconomic development as a whole, resolutely implement the socialist

principles of social justice and fairness, try to prevent polarization, and ensure that social wealth is fairly distributed within a certain period in light of socialist principles and the level of the state's development. Over the past 20-odd years, Romania has narrowed the gap between high and low incomes by increasing low incomes. The gap, which has been reduced from 23 to 1 in 1950 to the current 4.7 to 1, will be further reduced to a fair proportion. Whether at present or in the future, we will never allow gains without working or profiting by other people's toil. Moreover, the incomes of the Romanian people of all trades and professions should be the results of their labor and work.

In a word, we should make efforts to develop productive forces and improve the overall living standards of the people. By the year 2000, Romania will realize the party's program of building a comprehensive developed socialist society and create conditions for the gradual transition to the principles of communist labor and life.

#### **Based on the Socialist Principles of Equality and Cooperation, Relations Between the Parties and Peoples of Romania and China Have Developed Continuously**

While discussing the friendly and cooperative relations between the two parties and nations, President Ceaucescu said with satisfaction that the friendly relations between the two sides have developed vigorously and have withstood all trials and tribulations, which proves that relations are firm. The parties and peoples of the two countries and leaders of the two parties and countries regard the principles guiding socialist relations as the basic point of complete equality and cooperation and seek the development of socialism in their respective countries. Proceeding from this, there are bright prospects for the continuous development of cooperation and unity between the parties and peoples of the two countries.

There are many problems in the world today and the international situation is rather complicated. Hence, it is all the more necessary to increase cooperation between communist parties and socialist countries. In consideration of the socialist construction and development plans, as well as the reality of both countries, we treasure extremely our cooperation with the CPC and the PRC. The two countries can extensively develop economic, scientific, and technological cooperation. Proceeding from the grim international situation, the two countries should also take action to solve contemporary complicated problems, which will be conducive to the socialist development of all countries, to the socioeconomic progress of the people of all countries, to disarmament, and particularly nuclear disarmament, to eliminating the factors hindering development, to genuine equality among all countries, and to establishing a new international economic order based on new relations of mutual respect and noninterference in each other's internal affairs. We believe that the Romanian and Chinese communist parties and the two countries will make concerted efforts in this regard. We cherish the prospects

of Romanian-Chinese cooperation. We have the necessary condition—the stand of our two parties, which includes our stand on international issues—to establish cordial cooperation. Romania will act to continue making headway in this direction.

Lastly, President Ceaucescu said: "I hope that the party members and people of all nationalities of the PRC will attain outstanding achievements in accomplishing their socialist development and construction plans."

#### **LIAOWANG Considers Polish Diplomacy**

HK1611054489 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 46, 13 Nov 89 p 29

["Special Dispatch" by Ma Yunliang (7456 0061 0081):  
"The Diplomatic Trend of the New Polish Government"]

[Text] Warsaw—Polish Prime Minister Mazowiecki's diplomatic activities have increased since he formed a new Cabinet in September. His formal visits to Italy and Vatican in mid and late October, Soviet Minister of Foreign Affairs Shevardnadze's visit to Poland from 24 to 25 October, and the ministerial meeting of Warsaw Treaty countries from 26 to 27 October constituted the peak of his diplomatic activities since the new Cabinet assumed office. We can see from these activities that Poland's diplomatic setup is mainly aimed at stabilizing the East, catering to the West, and opening up in an all-round way.

#### **Its Relations with the Soviet Union Have Markedly Improved**

In his speeches to the Parliament on 24 August and 12 September, Mazowiecki stressed the importance of Polish-Soviet relations, pointed out that the new government would observe its alliance with the Warsaw Treaty, and expressed the hope to "handle Poland's relations with the Soviet Union on the basis of equal rights and respect for sovereignty." The Soviet Government pointed out that the power change in Poland was Poland's internal affair and that the Soviet Union had no intention of interfering. The Soviet Government also expressed its readiness to cooperate and develop relations with the Polish Government. These attitudes expressed by both sides will provide conditions for the establishment of good-neighborly, equal, and cooperative relations between the two countries.

Subsequently, Shevardnadze visited Poland, and his visit helped relax the relations between the two countries. Reports said that he held "wide-ranging talks on the two countries' situations, bilateral relations, and international issues with the president, prime minister, and foreign minister of Poland in a frank, friendly, and constructive atmosphere."

In a speech to the Polish Press Agency on 25 October, Shevardnadze stressed: The talks indicate that both sides do not hold any difference on the fact that Soviet-Polish

relations have an "important bearing" on the relations of the people of the two countries and on European stability and peace; they do not hold any difference on the "positive and confirmed achievements" made by both sides in reversing bilateral relations. Both sides have agreed to speed up the development of equal and mutually beneficial economic cooperation and to remain loyal to the obligations of the allied nations of the Warsaw Treaty. The Soviet foreign minister added: Both countries "expressed their firm hope to remove all the obstacles that might hamper the Soviet and Polish people from approaching each other, no matter when these obstacles have arisen from."

At a news briefing on 26 October, a spokesman from the Polish Ministry of Foreign Affairs said that the Soviet foreign minister promised to provide Poland with raw materials and, in particular, to maintain the petroleum supply at the present level. The Soviet Union also expressed that bilateral trade should take a new form and develop in a direction that enables both sides to give more consideration to market value.

He said: The Soviet foreign minister "emphatically pointed out that the Soviet Union agrees with events in Poland for the last few months and wishes that the Polish Government will find everything satisfactory." An important achievement of this visit is that Polish Prime Minister Mazowiecki will visit the Soviet Union on 23 November.

The Polish Solidarity Union issued a commentary saying that "Polish-Soviet relations have never been this good before."

#### **Poland's Relations With the West Are Entering an Essential Period**

In a speech on 12 September, Prime Minister Mazowiecki pointed out that the new government was facing two major tasks: One was instituting political reform and the other was freeing the country from economic disaster. To extricate the country from economic disaster, he hoped that international monetary organizations and friendly countries would provide a large amount of financial aid to Poland. "The swiftest aid means double aid," he said.

However, 2 months have passed and aid has not come as expected. There are many reasons. As Western newspapers disclosed, some people doubt the Solidarity Union's ability to execute power; others are afraid that aid will produce opposite results if provided too fast; and still others are cautious about the excessively large amount of aid.

But Mazowiecki's recent visit to Italy yielded actual results. According to reports, the Italian Government has promised to provide Poland with aid totaling \$7.5 million for the purchase of medicine and food, and an extremely favorable supplementary loan of \$70 million. It also agreed to provide a fund of \$35 million to support a Polish-Italian joint-venture enterprise. Beginning from



next January, Italy will abolish all its restrictions on exports to Poland. Both sides have also signed many industrial contracts. Moreover, after the International Monetary Fund expresses agreement with Poland's economic program, Italy will provide Poland with another loan of \$400 million, train managerial personnel for Poland, and set up banks in Poland. Mazowiecki praised Italy by saying that the Italians "are the first to speedily shift from words to deeds."

Before the Solidarity Union assumed office, President Bush promised in his June visit to Poland that the United States would provide aid totaling \$119 million. This had disappointed many people in Poland. After the Solidarity Union assumed office, the United States, which had made many commitments, appeared very "cautious." According to a spokesman from the Polish Ministry of Foreign Affairs, the U.S. Government has expressed its readiness to allocate \$100 million from its administrative reserve fund to be used as food aid for Poland. In addition, it will also provide a donation of \$200 million to be put in the fixed loan Poland will obtain from 24 countries for economic cooperation and organizational development. The U.S. Congress is still in debate over the bill on 1-billion-dollar aid for Poland and Hungary.

The Solidarity Union has announced that France is among the countries that have promised to provide aid to Poland. The FRG is Poland's largest trade partner in the West and its biggest creditor as well. Poland expects a "fundamental change" in bilateral relations when FRG Chancellor Kohl visits Poland by the end of this year, and hopes that the FRG will be a country that can provide the biggest aid to Poland.

Apart from this, during his visit to Poland the Swiss prime minister also promised to give Poland a 400-million-krona loan. Norway and Denmark have also expressed their willingness to provide aid in the fields of environmental protection, training experts, and food production. Canada, Australia, and Japan are considering giving aid to Poland.

### Opening Up to the World

In his speeches, Mazowiecki pointed out time and again that his administration will open Poland to Europe and the rest of the world, and expressed an interest in carrying out cooperation, particularly economic cooperation, with America, Europe, as well as newly emerging industrial countries in Asia, Africa, Latin America, the Pacific, and the Far East.

Within a short span of several months, Poland has resumed its diplomatic relations with Vatican and established diplomatic relations with United Arab Emirates and South Korea. Talks are still under way on resuming diplomatic relations with Israel.

Reports say that Mazowiecki has received invitations from Belgium and the United States to visit these countries. He will visit Strasbourg of France on the

occasion of his participation in the upcoming European meeting, and will quite possibly meet the Czechoslovak prime minister soon.

The Polish foreign minister will soon visit Austria and Norway. In November the French and Norwegian foreign ministers will visit Poland.

Polish Solidarity Union Chairman Walesa will pay visits to the United States and Canada in November. It is believed that these visits are connected with the implementation of aid plans.

### Article Analyzes Yugoslavian Economic Crisis

HK1711053189 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 46, 13 Nov 89, p 25

[Article by Da Zhou (6671 3166): "Yugoslavia, Crisis, and Quest"]

[Text] Yugoslavia is now locked a grave economic crisis. The leaders of the League of Communists of Yugoslavia, the Federal Assembly, the Yugoslav Government, and the Yugoslav newspapers have made no attempt to conceal this undeniable fact and have instead adopted a realistic approach to the current rigorous economic crisis, which started in the late 1970's.

Since the beginning of this year, Yugoslavia's economic situation has further deteriorated, which can mainly be seen in the following aspects:

First, production has remained stagnant: Yugoslavia used to be one of the fastest developing countries in Europe (and the world). In a short span of 30 years, Yugoslavia successfully became a moderately developed industrial country. However, since 1975, Yugoslavia's per capita domestic output value has been falling behind that of other European countries. The Yugoslav newspapers have disclosed that among the 25 European countries, Yugoslavia's per capita domestic output value is now only higher than that of Poland, Turkey, and Albania.

Second, the downward turn in the Yugoslav people's standard of living: According to official statistics released last August, the average monthly salary of a Yugoslav is \$120, whereas the average monthly living expenses of a Yugoslav family of four is around \$280. Therefore, it is difficult for an ordinary Yugoslav to maintain a reasonable living standard on his own salary. Therefore, he either has to use his bank savings or look for other sources of income.

Third, the upturn in the unemployment rate and the downward turn in labor productivity: By October of this year, there were 1.4 million unemployed people in Yugoslavia, which suggested an unemployment rate as high as 15 percent. Generally speaking, in a developed country, an upturn in the unemployment rate often results from an increase in labor productivity. However, in the case of Yugoslavia, the situation is just the opposite. In the last

5 years, Yugoslavia's labor productivity has sustained a downward turn at an average annual rate of 1 percent.

Fourth, unbridled inflation: In 1988, Yugoslavia's annual inflation rate reached 199 percent. Since the beginning of this year, prices have continued to soar. According to the official statistics, by September of this year, Yugoslavia's inflation rate had gone up by 1,200 percent. It is predicted that by the end of this year, Yugoslavia's inflation rate will probably have reached 1,800 percent! Now a few economists believe that under the existing economic structure, it is impossible for Yugoslavia to tackle her soaring inflation.

What is gratifying, however, is that this year has seen a notable increase in Yugoslavia's foreign exchange reserves. By September of this year, Yugoslavia's foreign exchange reserves had reached \$ 5.153 billion. In the meantime, Yugoslavia's foreign debt had dropped by \$830 million (although Yugoslavia still has a foreign debt of over \$17 billion).

What is the cause of Yugoslavia's current economic crisis? Answers to this question are widely divergent, but they can be boiled down to the following:

First, the view that Yugoslavia's economic crisis was caused by "external factors." In the late 1970's, the prevailing view in Yugoslavia with regard to this question was that the following external factors had caused a downward turn in Yugoslavia's economic development: The soaring prices of crude oil (Yugoslavia has to import some 10 million tons of crude oil on average each year) and the tariff barriers built by some developed countries. However, when the price of crude oil plummeted in the early 1980's, Yugoslavia's economy still showed no sign of improvement and still kept deteriorating. Therefore, the "external factors" theory gradually lost its popularity.

The view that Yugoslavia's economic crisis resulted from "Yugoslavia's failure to fully implement an autonomous system." From the early 1980's to 1987 or 1988, the prevailing view in Yugoslavia with regard to this question was that Yugoslavia's rigorous economic situation had not been caused by the aforementioned external factors, but had been caused by certain internal factors. For instance, Yugoslavia had "failed to fully implement an autonomous system." In other words although Yugoslavia's socialist system of autonomy is good, some mistakes made in the course of its implementation prevented this system from giving full scope to its own superiority.

However, life in Yugoslavia has prompted people to ask why on earth Yugoslavia has always failed to "fully implement an autonomous system."

Some people believe that the existing economic crisis in Yugoslavia has been caused by Yugoslavia's autonomous system, because practice has proven that such an autonomous system "lacks efficiency, rationality, and success." For instance, Professor Du Shang Bi Lan Ji Qi

[2629 0794 3024 5695 1323 1142] of the University of Zagreb, who is a renowned Yugoslav scholar, called for abolishing such an autonomous system and searching for a "non-autonomous model."

The majority of the Yugoslavs do not agree with this view but have acknowledged that the existing autonomous system "is unsuccessful to a large extent" and should be further improved and perfected. However, this by no means suggests that the existing autonomous system in Yugoslavia has no future. In a word, it is now a question of "improvement," rather than "abolition." Well-known Yugoslav scholar Mijat Sukovic, who is also a former vice president of the Yugoslav Federal Executive Council and is now a member of the Central Committee of the League of Communists of Yugoslavia, has put forward a view that is supported by a lot of people in Yugoslavia. He believes that there is no denying the fact that the existing autonomous system in Yugoslavia has a lot of defects. For instance, the existing autonomous system "runs counter to the law of commodity production to a great extent." Although the existing autonomous system has helped to establish a huge executive institution, it has failed to guarantee the workers and peasants their right to exert a decisive influence on Yugoslavia's social development. However, the question now is not one of abrogating the existing autonomous system, which has a 40-year-old history, but of making it more effective and rational so as to catch up with the latest developments of the late 20th century and early 21st century." In other words, it is now a question of building "a new autonomous system aimed at strengthening the economic motive force and expanding democracy" in Yugoslavia.

According to Mijat Sukovic, the "new autonomous system" will possess the following characteristics in respect to Yugoslavia's economic development:

1. The new autonomous system will put an end to the monopoly of the public ownership system; allow the three new ownership systems, the cooperation system, private ownership system, and foreign-ownership system, to coexist with one another; and allow various types of ownership systems to merge with one another. Ideologically, the new autonomous system will regard all types of ownership systems as factors aimed at promoting the development of the socialist material base in Yugoslavia, but will continue to ensure the dominant position of the public ownership system in Yugoslavia's national economy.
2. The new autonomous system will discard the past concept of the public ownership system, that is, that "state property is owned by everyone, but does not belong to everyone." In the future, all production means will continue to be owned by the workers. However, the workers will have no right to transfer public property and will have to assume full responsibility for any of their own operational failures. In the future, the state will have

no right to procure profits from profit-making enterprises to subsidize losing enterprises, or merge profit-making enterprises with losing enterprises. All losing enterprises will have to declare bankruptcy.

3. The new autonomous system will formulate market-oriented operational methods and establish a unified market for commodities, labor service, capital, technology, expertise, and labor. Banks will be turned into real financial institutions.

4. The new autonomous system will stress the relatively large enterprise organizational form instead of the independence of the grassroots units inside the enterprises.

5. The new autonomous system will stress not only democracy but also rationality and economic results.

6. The new autonomous system will further promote opening up to the outside world, relax state control over import trade, and reduce tariffs on a series of products.

7. The new autonomous system will reduce state intervention in the economic field and strengthen the state's role in guaranteeing the market operation.

8. The new autonomous system will greatly step up the building of the state legal system.

9. The new autonomous system will try to search for a new relationship between the market and the state plan so as to enable the market and the state plan to complement each other instead of antagonizing each other. The state plan will provide guidance but will not be mandatory.

These views have received popular support from the majority of Yugoslavs and have already been accepted by the League of Communists of Yugoslavia and the Yugoslav Government. Ante Markovic, the new president of the Yugoslav Federal Executive Council, has advocated "taking a road that leads to a new type of socialism" after being authorized to form a new cabinet at the beginning of this year. According to him, such a new type of socialism "would give full scope to democracy and freedom and fully reflect pluralistic interests and politics through reform and opening up, with a view to giving full scope to its own superiority." When delivering a report on government economic policies to the Yugoslav Federal Assembly in late September of this year, he again emphatically pointed out: "We must build a new society characterized by economic results and democracy and build a new type of socialism."

In fact, it is pursuant to Mr Markovic's proposition of "building a new type of autonomous socialist society" that the Yugoslav Federal Assembly has adopted the "Enterprise Law," "Labor Relations Law," "Negotiable Securities Law," "Currency and Capital Market Law," and a number of other laws and regulations, and that the Yugoslav Government has adopted a series of economic reform measures. Whether or not these reform measures will be able to help Yugoslavia to extricate herself from the current economic crisis, and especially to tackle the

problem of soaring inflation, which is the biggest obstacle to Yugoslavia's economic development, has yet to be verified in practice. Nevertheless, the Yugoslav party and government's spirit of daring to carry out explorations in light of Yugoslavia's national conditions has already left a deep impression on the Yugoslav people.

Moreover, the Yugoslav party and government have also planned to introduce wide-ranging political reform pursuant to the proposition of "building a new type of autonomous socialist society." The Yugoslav party and government believe that not simultaneously pushing ahead with both the economic reform and the political reform would certainly be a waste of their efforts and might even lead to failure. The political reforms currently under consideration by the Yugoslav party and government include the revision of the existing Yugoslav Constitution, the reform of the work of the League of Communists of Yugoslavia, the implementation of "political pluralism" (not a multi-party system), the reform of the trade unions, the reform of the Socialist Alliance of the Working People of Yugoslavia, the news reform, and so on.

## Latin America & Caribbean

### CPC's Zhu Liang Continues Tour

#### Meets Brazil's Sarney

OW2211221289 Beijing XINHUA in English 1609 GMT 22 Nov 89

[Text] Brasilia, November 22 (XINHUA)—The next government of Brazil, which will assume power March 15 next year, will continue developing friendship and cooperation with China, president Jose Sarney said Tuesday.

Sarney made the affirmation in a meeting with Zhu Liang, chief of the International Liaison Department of the Central Committee of the Communist Party of China.

Sarney stressed that during the current presidential elections, the contending political parties do not have differences in foreign policy.

This, he emphasized, means that whoever becomes the future president of the republic will continue developing good relations between the two countries.

Zhu, heading a party delegation currently on a visit to Brazil at the invitation of the Brazilian democratic movement, briefed Sarney on the recent plenary session of the Chinese Communist Party and the current political and economic situation in the country.



**Venezuelan, Ecuadoran Labor Leaders**

OW2211161589 Beijing XINHUA in English  
1222 GMT 22 Nov 89

[Text] Beijing, November 22 (XINHUA)—Ni Zhifu, vice-chairman of the Standing Committee of the National People's Congress [NPC] and president of the All-China Federation of Trade Unions, met two trade union leaders from Venezuela and Ecuador and their party here today.

Oscar Figuera, general secretary of the Workers' Central Unity of Venezuela, and Eduardo Zurita, secretary of International Relations of the Workers' Confederation of Ecuador, are here on a 10-day visit as guests of the All-China Federation of Trade Unions.

**Nicaraguan President Ortega Receives Ambassador**

OW2411094589 Beijing XINHUA Domestic Service  
in Chinese 0701 GMT 22 Nov 89

[Text] Managua, 21 Nov (XINHUA)—Nicaraguan President Daniel Ortega said in Managua on 21 November that he hopes the friendly relations between Nicaragua and the People's Republic of China will be further developed.

President Ortega made the statement while receiving Huang Zhiliang, the newly appointed Chinese ambassador to Nicaragua.

Ambassador Huang Zhiliang arrived in Managua on 31 October.

**Political & Social****LIAOWANG Interviews Yuan Mu on Reform**

OW2211185289 Beijing XINHUA Domestic Service  
in Chinese 0936 GMT 22 Nov 89

[Interview by LIAOWANG reporter with State Council spokesman Yuan Mu titled: "Resolutely Fulfill the Task of Improving the Economic Environment, Straightening Out the Economic Order, and Deepening the Reform; XINHUA notes that the interview is to be published in LIAOWANG issue No 48]

[Text] Beijing, 22 Nov (XINHUA)—At a time when the people throughout the country are making an in-depth study of the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and seriously implementing them, State Council spokesman Yuan Mu, on the basis of what he has gained in the study, has answered questions raised by a LIAOWANG weekly reporter on ways to study and implement the guidelines.

**The Situation in China Is Stable and the Leading Collective of the Party Central Committee With Comrade Jiang Zemin as the Core Has Been Highly Effective in its Work and Taken Roots in the Hearts of the People**

Question: A correct analysis and realization of the situation is the ideological basis for understanding the guidelines of the 5th Plenary Session of the 13th CPC Central Committee. What is your view about the current situation in China?

Answer: It has been only 5 and 1/2 months between the time when we stopped the turmoils and put down the counterrevolutionary rebellion and the present. Our party has led the people of the whole country to appropriately deal with this soul-stirring, serious political struggle and quickly stabilized the situation across the country. On the whole, the 5th Plenary Session of the 13th CPC Central Committee enjoyed immense popular support as it performed a great deal of work, including solving the pressing political and organizational problems, establishing the central leading collective with Comrade Jiang Zemin as its core, and adopting a series of measures. Under the circumstances of continued efforts by Western imperialism to step up the implementation of its "peaceful evolution" strategy against socialist countries and of the successive serious setbacks to the cause of international socialism, the situation in China and its policies and the general public's feelings are all stable, and the country has stemmed the international anticommunist adverse current and continued to advance in giant strides along the socialist road. This is of tremendous and far-reaching significance, both for the present time and in the long run. This is the main current of the situation in China. It is also our fundamental viewpoint on the situation.

Practice in the past 5 months and more shows that our party is united, strong, and able to withstand tests and

that our people are united, strong, and able to withstand tests. The measures taken by the party and government to stop the turmoils and put down the rebellion are winning more and more support among the vast majority of the people. This fully demonstrates that, in this vast land of China, the leadership of the party and socialism have taken roots in the hearts of the people. This is the most basic fact in China. Without this most basic fact, the situation in China could not have, as it has, undergone the change satisfactory to the party and the people in such a short span of a few months after sustaining a severe shock.

Practice of the past 5 months and more also shows that the new leading collective with Comrade Jiang Zemin as its core, which was established by the 5th Plenary Session of the 13th CPC Central Committee, has performed its work in a highly effective manner. For instance: In the political field, it has implemented the party's basic line of "one central task and two basic points" instead of "stressing material civilization while neglecting the building of spiritual civilization," as was done in the past; in the field of the party's ideological work and organizational work, it has corrected the past mistake of diluting and weakening party leadership, neglecting ideological and political work, and neglecting the building of party style. Of course, we cannot say that all problems in this field have already been solved. But the Central Committee has made up its mind to gradually solve those problems in this field which everyone earnestly wishes to be solved. The CPC, being the ruling party, whether the situation of the party is good or not, will determine the destiny and future of China. The Party Central Committee has clearly pointed out that the main problem behind the many mistakes that have occurred in China in the past lies within the party, and it is therefore necessary to first focus attention on the party itself in solving the problem. By pointing out and realizing the problem in this manner, it has manifested its Marxist vision and courage to the hilt. In propaganda work, it has adhered to a correct orientation to persist in using Marxism as the guide. The situation of the recent past—when the trend of thought of bourgeois liberalization was seriously rampant and fully affected the news media—has undergone a fundamental change. Even more popular is the struggle to wipe out pornography, a struggle that has a bearing on the purification of the social environment and the cleansing of the soul of the people. With regard to the work of ensuring the government's incorruptibility, the proposal made by the party Central Committee for achieving success in these tasks shows two clear-cut characteristics: One is to start from the leaders; the other is to go all-out to do real work instead of making empty talk. Of course, we can in no way say that what we have done now is quite enough. A great deal of work has yet to be done to ensure our government's incorruptibility. However, we have made a good start. A number of problems created during many years in the past, in particular the problems used by people with ulterior motives to attack the party and government during the turmoil, have now begun to be



resolved or are being resolved. The broad masses of people have reflected that now that their grievances have somewhat diminished, they have fewer complaints and they smile more; they also have more confidence in the party, and government has been strengthened step by step. Perhaps this should be regarded as a truthful description of the actual state of affairs. Despite the great losses caused to us by the turmoil and the rebellion, we have continued to develop our national economy as a whole amid efforts to improve the economic environment and rectify economic order, while striving to maintain a political situation marked by stability and unity. Concerning diplomatic work, we have to say that we are confronted with a rather grim situation. The policy set forth by the central authorities is to uphold the principles, do more work, and firmly resist all kinds of external pressure interfering in China's internal affairs. More and more facts have indicated that it is out of the question and impossible for anyone to isolate China in the international community. China's cause is bound to be continually supported by the overwhelming majority of the world's countries and their peoples.

To sum up, practice over the past 5 months and more has shown that socialist China with a population of 1.1 billion is still standing lofty and firm in the East. What it presents before the people of the world is still the image of a reforming, opening, and flourishing socialist country which is progressing upward.

**We Should Have a Correct Understanding of the Current Economic Situation; We Should Not Only Fully Affirm the Achievements but Also Accurately Estimate the Difficulties**

**Question:** The current economic situation is the concern of everyone. At present, there are different comments. Will you please say something about how to make a correct assessment of the current economic situation?

**Answer:** Before dwelling on the economic situation, I have talked to you about the general situation of our country at present because I hope that people will be able to see China's economic problems against such a general background. Only thus can we grasp the situation still better and have an even better understanding of the significance of the measures of the 5th Plenary Session of the 13th CPC Central Committee, which emphasized discussing and solving economic problems.

As far as the economic situation itself is concerned, it should be noted, in the first place, that enormous results have been achieved in our 10-year efforts for construction, reform, and opening to the outside world. This is a universally acknowledged fact. During the past decade, China's gross national product, calculated in terms of comparable prices, has increased 1.51 times, achieving an average annual growth rate of 9.6 percent. The urban people's average per-capita income spent for living expenses has grown from 316 yuan to 1,119 yuan. The average per-capita net income of peasants has climbed from 134 yuan to 545 yuan. This means a rise of 411

yuan in 10 years, whereas the peasants' average per-capita net income increased only 90 yuan during the 29 years from 1949 to 1978. The food and clothing problems of the people in the whole country have been basically solved, and the poverty-stricken households in rural areas have been greatly reduced in number. China's foreign trade and economic and technological exchanges have expanded quickly. The total volume of foreign trade has shown a big growth, and the makeup of imported and exported commodities have continued to improve. There are many more facts and figures that can be cited. They all indicate that the achievements in the 10 years' reform and opening up are tremendous and that a historical change which has never appeared in any previous period has certainly occurred. This is an objective fact and a fruitful result of the implementation of the party's basic line of "one central task and two basic points."

While fully affirming the achievements, we should truthfully assess our problems and difficulties. These problems and difficulties did not occur suddenly in the last 1 or 2 years. They have been accumulating year after year since the second half of 1984. An important cause of the problems and difficulties is our impatience for success regardless of our national conditions and strength. As a result, the scale of construction has been too large, and the growth rate has been excessive. Since the second half of 1984, the economy has become overheated, with increasing annual financial deficits, excessive monetary issue, economic imbalances, fluctuations in agricultural production, overly rapid development of the processing industry, and strains in the supply of energy and raw and processed materials and in transport. In the meantime, the decreasing proportion of state revenues in national income and the decreasing proportion of central revenues in state revenues have weakened our macrocontrol ability in recent years. The emphasis on invigorating a microeconomy in the last several years has been correct and should be fully affirmed. However, the weakened macrocontrol ability has been very detrimental to the economy as a whole. In the course of improving the economic environment and straightening out economic order, we should strengthen macrocontrol and enhance a necessary and appropriate centralization.

At present, two phenomena merit our special attention in understanding the economic situation. One is to underestimate the difficulties, preventing people from knowing the necessity, complexity, and arduousness of the task of improving the economic environment and straightening out economic order. The other is to overestimate the difficulties, causing fear of the difficulty or even loss of confidence. We should make a specific analysis of the difficulties. Our present difficulties are no doubt much smaller than those difficulties we once encountered in the past, such as those of the early 1960's and those of the "Cultural Revolution" period. As for our present conditions to overcome the difficulties, some of them are better than in the past; others are poorer than in the past. However, generally speaking, they are somewhat better. First, after 10 years of reform and opening

to the outside world, our national economic strength has been greatly enhanced, and the people's living standards have been considerably improved. So, we have great room in which to maneuver in overcoming our past difficulties. Second, after a year of improving the economic environment and straightening out economic order, we have made some achievements, accumulated some experience, and thus made a good start. Third, after the turmoil that happened not long ago, people have become more sober-minded, know more clearly how to keep to a socialist orientation, and have more faith in the party Central Committee. Therefore, we have the necessary conditions for overcoming the temporary difficulties accompanying our current advance, and we have no reason whatsoever to lose confidence.

**Question:** What are our main achievements in improving the economic environment and straightening out economic order over the last year or so?

**Answer:** First, inflation has been curbed to some degree. Although commodity prices have increased this year, the rate of the retail price increase has kept dropping month by month since the beginning of the year. The rate of the price increase was 26 percent at the beginning of this year, as compared with last year's corresponding time; and it is now around 12 percent. The rate of increase in prices of more than 40 commodities determined by the State Council as the people's daily necessities is even much lower than the overall rate of the price increase. According to our observation, people are quite at ease with the market situation. Next, the excessive economic growth rate has been lowered. This year's investment in fixed assets has decreased by about 50 billion yuan, as compared with last year. The consumption fund has not dropped to the expected target, but its increase has been more or less brought under control. Third, the situation of this year's agricultural production is not bad, with an all-time high in summer grain output. This year's autumn grain output is also greater than that of last year. Fourth, we have done a better job in withdrawing surplus currency from circulation. Savings deposits have increased by 100 billion yuan so far, and the increase is expected to reach approximately 120 billion yuan by the end of the year. Of course, people like to maintain the value-guaranteed savings account, spend their cash on shopping, or even keep their money at home. This is also an important factor which is causing a bearish market to a certain degree. Generally speaking, our achievements in improving the economic environment and straightening out economic order are still initial, but we must fully affirm them.

Some new circumstances have arisen in the course of improving the economic environment and straightening out economic order. A conspicuous current problem is that the market is sluggish, with the products of some enterprises unsalable; the industrial growth rate has dropped too much. How should we view this problem? We should first see that generally speaking, this problem is unavoidable in the course of improving the economic environment and straightening out economic order, and

it should not make us waver in our determination to improve the economic environment and straighten out economic order, nor should it make us slacken our overall effort to implement the principle of financial and monetary retrenchment. At the same time, we should also adopt necessary and flexible macroeconomic measures to alleviate the capital shortage in some enterprises and departments. The State Council has decided to successively extend more loans. The loans have begun to increase since October, and the increase will continue in November and December. In the past, the market demand was so great that almost any products were salable, and there was no pressure nor a motive force for enterprises to improve the quality of products, develop new generations of products, or readjust industrial structure and product mix. Now the situation is different, as the market is sluggish and many products are unsalable. Under such a situation, enterprises should make great efforts to readjust their structure, raise their scientific and technological level, improve the quality of their products, and enhance their economic efficiency. The problem is conducive, not detrimental, to China's economic development, if we look at it with a long-term viewpoint.

We should assume a prudent attitude in analyzing and understanding the current economic situation. On the one hand, we should not hastily give up a retrenchment policy because of some new problems. On the other hand, we should proceed from reality to adopt necessary measures to solve problems. As long as we keep a clear head and adopt effective measures to cope with problems calmly, we will be able to overcome the present temporary difficulties and do a good job in improving the economic environment and straightening out economic order.

**The Task of Improving the Economic Environment and Straightening Out Economic Order and the Task of Deepening Reform Are a Dialectical Unity, and It Is Wrong To Regard Them as Opposite to Each Other**

**Question:** At present, some people are a little confused about the relationship between the effort to improve the economic environment and straighten out economic order and the effort to deepen reform, and they regard the former as a stop or even retrogression of the latter. Will you please discuss the relationship between the two?

**Answer:** This is a misunderstanding of the central authorities' principle to improve the economic environment, straighten out the economic order, and deepen reform. Some of our economic practices in the preceding period violated objective economic law and caused such problems as overall economic imbalance, structural imbalance, inflation, and economic disorder. If these problems remain unsolved, it is impossible to achieve a steady economic growth. The objective of improving the economic environment and straightening out economic order is to overcome economic difficulties and achieve a steady and coordinated economic development. For this reason, we must make efforts to improve the economic

environment and straighten out economic order and the present effort is indispensable to China's economic development.

How should we improve the economic environment and straighten out economic order? The 5th Plenary Session of the 13th CPC Central Committee has summed up our 1-year experience in this regard, basically grasped a law concerning it, and laid down the major links in the endeavor to improve the economic environment and straighten out economic order. The major links can be summarized as cutting the demand, readjusting the structure, rectifying the order, and enhancing the efficiency.

We must also deepen reform. China will firmly take the socialist road, and no one can change this fact. To develop socialism, we must carry out reform and opening to the outside world. If we fail to do so, socialism will lack vigor, be unable to display its superiority, and become unattractive, while the ideological trend for bourgeois liberalization will have a market. We must consider questions with such a basic viewpoint. Reform is a motive force for perfecting and developing the socialist system, as well as an irreversible historical trend. We must proceed from China's reality to constantly deepen reform, under the precondition of upholding the four cardinal principles. All reform practices that are conducive to the development of the productive forces should continue and be constantly improved until they become perfect.

Three points need to be clarified in regard to the concrete relations between economic rectification and the deepening of reform. First, in implementing economic rectification, we by no means should discard reform; many rectification measures, which cannot be enforced with administrative orders alone, should be coordinated with reform measures. Second, the successes of economic rectification can create better conditions for further improving and perfecting reform; and ensuring a good job in economic rectification is an indispensable prerequisite for furthering reform. Under the conditions of an imbalance in total quantity, inharmonious structure, and inflation, it is impossible to enforce many reform measures. Without screening and consolidating the excessive incompetent companies under conditions of a chaotic economic order, the reform measures will become ineffective as well as counterproductive in invigorating the economy. Third, both the economic rectification and deepening of reform are not the ends, but the means, in promoting China's socialist modernization and economic construction. Therefore, in the course of economic rectification, it is necessary to eliminate erroneous understanding and the practice of pitting rectification against the deepening of reform.

The primary task for the next 3 years or more is to improve the economic environment and rectify the economic order; the reform should revolve around this central task. Measures for the economic rectification and deepening of reform should be incorporated into the

annual state plans for implementation. The planning conference to be convened next month will formulate specific tasks and measures for next year's economic rectification and reform.

In the course of economic rectification, all localities, units, and institutions—enterprises in particular—should strive to launch the campaign to increase production and practice economy and to increase revenue and cut back expenditure, in order to fire the enthusiasm of the masses in deepening the socialist labor emulation drive.

**Whether During the Period of Economic Rectification or After This Task Is Completed, It Is Essential Not To Once Again Advocate the So-Called "Vigorous Efforts To Achieve Quick Results" in Deviation of China's National Conditions and Capability, But To Always Persist in the Long-Term Principle of Sustained, Stable, and Harmonious Development**

**Question:** Since the founding of the country, the Chinese economy has experienced a few major readjustments. Every time, these readjustments were caused by an overheated economy. What are the root causes of an overheated economy?

**Answer:** The most important lesson in China's economic work, summarized in-depth at the recent plenary session of the CPC Central Committee, is that we should not be impatient for success, and that there should not be marked ups and downs in the economic development. Efforts to seek an inappropriately high growth rate may bring about temporary prosperity and appear to be accelerating the development, but such superficial prosperity will ultimately vanish and not be a blessing to the people. The development of social productive forces is a long and gradual process of accumulation. Only harmonious and proportionate development on a stable basis can produce conspicuous progress. An imbalanced total quantity, uncoordinated relations between major economic sectors, and violent ups and downs will not only fail to facilitate effective accumulation of productive forces, but can also lead to big losses. The vicious cycle of an overheated economy—readjustment, overheated economy, and readjustment again—which we experienced in the past will definitely cause grave destruction to productive forces. Summarizing this historical experience, the 5th Plenary Session of the 13th CPC Central Committee has explicitly called for guarding against impatience for success in the construction, reform, and economic rectification, and against the tendency of "vigorous efforts to achieve quick results" in deviation of the national conditions, whether during the period of economic rectification or after this task is completed, and for adhering to the long-term policy of sustained, stable, and harmonious development. Sustained development has an appropriate, rational, and long-term development speed; stable development means development without violent ups and downs; and harmonious development refers to development with a planned and proportionate manner. These three aspects are interrelated. Without a fairly long period of steady development, there is no



stability; sustained development is impossible if there are marked ups and downs; and in the absence of rational relations between important economic sectors, it is impossible to achieve a sustained and stable development. The whole party and country should follow this principle, which is a summary of the experience and lessons of the past 4 decades, and persistently carry out this principle for a long time to come. As long as we adhere to this principle, maintain a suitable speed, and develop the economy in a planned, proportionate, and harmonious manner, we will certainly be able to achieve the strategic goal of quadrupling the gross national produce before the end of this century.

**We Should Advocate Austerity for a Few Years, Concentrating Efforts Mainly on Ending the Current High and Premature Consumption and Resolutely Correcting Extravagance, Waste, and Other Unhealthy Practices**

**Question:** How should we interpret the CPC Central Committee's call for tightening our belts for a few years during the economic rectification?

**Answer:** To tighten our belts for a few years, of course, means that financial retrenchment should be carried out in all fields, and everything possible should be done to increase sources of income and to cut back expenditure. However, this does not mean that there will be a general decline in the living standards of urban and rural residents. The excessive growth rate of consumption funds, which has exceeded the growth of national income and labor productivity for the last few years, has triggered a high and premature consumption rate and a lopsided distribution of national income in favor of enterprises and individuals. Between 1984 and 1988, China's national income increased by 70 percent (an increase of 149 percent at current prices), while investment in fixed assets by the whole society increased by 241 percent, and the cash income of urban and rural residents grew by 200 percent. This is actually a phenomenon of "eating one's corn in the blade," which has corrupted the general conduct of society; increased the expenditures of institutions, organizations, and enterprises; and engendered extravagance, waste, and a tendency toward luxury. This phenomenon is absolutely detrimental to economic and social development.

In advocating austerity, we should, rather than lowering the people's living standards in general, curb excessive expansion of consumption funds; stop high and premature consumption; check extravagance, waste, and other unhealthy practices; and correct the aimless pursuit of the so-called "modernization" found in the unrealistic enjoyment of certain living facilities.

Austerity is not a matter of concern to the common people alone; it should begin with all institutions, organizations, enterprises, and the vast number of cadres. Judging from the actual situation in the several months following the 4th Plenary Session of the 13th CPC Central Committee, the practice of giving extravagant dinners and gifts has been brought under control. Of

course, the situation varies from one locality to another, and is better in some places, while not as good in others. Generally speaking, however, a change for the better has taken place.

**China Will Not Change Its General Principle of Opening to the Outside World, Nor Will It Yield to the Economic Sanctions Imposed by Western Nations; We Are Entirely Capable of Overcoming Temporary Difficulties**

**Question:** In view of the current economic sanctions imposed by Western nations and of the temporary difficulties the Chinese economy has encountered in the course of advancement, some people lack the confidence for advancement. What is your view regarding to this?

**Answer:** The so-called economic sanctions against China imposed by some Western countries are actually political sanctions. China's success in ending the turmoil and quelling the rebellion dealt a heavy blow to their "peaceful evolution" strategy against China. However, they are reluctant to give up this strategy, attempting to coerce China to yield to their pressure by adopting the so-called economic sanctions. Though such sanctions may cause some temporary difficulties for China, in the long run they are unimportant. Some Western governments, entrepreneurs, businessmen, and other farsighted people and institutions do not agree with the sanctions. In recent months, China's foreign economic relations and trade have continued to develop. Though the sanctions have had a certain effect, it has not been substantial, and overseas investment in China has shown some increase. There are two sides to every coin. While the sanctions have caused some difficulties for China, they will force the country to raise its capacity for self-reliance and encourage the people to be determined to make the country prosperous, which is essential for China at this point. All in all, China's economic power has been strengthened, the domestic market is vast, and the people have a tradition of hard work. We are confident of our capability to turn pressure from foreign sources into a motivating force. Moreover, the sanctions will also incur damage to those who have imposed them. The existence and development of China is a reality. The country's realistic and potentially big market is attractive. In my opinion, the so-called sanctions will finally come to an end—they cannot continue for a long time. Of course, we do not at all cherish the illusion of terminating them any time soon. China never expected to realize its modernization program by begging others for charity. It has consistently advocated basing itself on its own strength. However, this in no way means that China will develop its economy behind closed doors. China will insist on opening to the outside world, making a broad spectrum of friends, and utilizing all available international factors to accelerate its economic development. The opened door of China will not be shut again, because to do so would not accord with the requirements for China's modernization drive nor with the common wishes and fundamental interests of the people.

At present, China's foreign loans stand at US\$40 billion. This includes both long-term and short-term loans, with the long-term ones accounting for the major share. This total also includes money borrowed by the central authorities and localities, as well as enterprises, with that borrowed by localities and enterprises accounting for the major proportion. China will begin to reach the peak of debt repayment in 1990, when the annual repayment will amount roughly to US \$7 to 8 billion. According to international standards, this figure is near, but has not yet reached, the warning level of debt repayment. China has always lived up to its international credit and will be able to repay its foreign debts.

**The Task of Overwhelming Importance Is To Maintain Stability—Stability in Politics, in the Economy, and in the Whole Society**

In conclusion, Comrade Yuan Mu told the reporter: For China to continue to advance along the socialist road, the stability of the whole nation must be maintained. Political stability is the prerequisite, while economic stability is the foundation; both are indispensable and can supplement each other. To this end, we should strive to maintain political stability and unity, resolutely implementing the basic line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee; and maintaining the stability and continuity of these policies, which is the prerequisite for work in all fields. Without stability, there can be no progress made in construction, reform, or economic rectification. As long as we maintain the political, economic, and social stability of the country, we will definitely be able to fulfill the strategic goal of quadrupling the gross national product before the end of the century.

The above are some of my thoughts on studying the guidelines of the 5th Plenary Session of the 13th CPC Central Committee. We are convinced that as long as the whole country, from top to bottom, works hard and with one heart and one mind, and if we rely on ourselves, we will surely be able to surmount the difficulties, fulfill the targets of the economic rectification set by the plenary session, consolidate political stability and unity, and achieve a sustained, stable, and harmonious development of the economy, thereby promoting the great undertaking of building distinctively Chinese socialism.

**CPC Reportedly Expels 12,000 Corrupt Members**

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23 Nov 89 p 1

[By staff reporter Li Hong]

[Text] More than 12,500 people have been expelled from the Chinese Communist Party over the first nine months of this year, as a result of the continuing drive to eradicate corruption and other irregularities and a re-appraisal of membership within the Party, CHINA DAILY has learned.

Up to 60,000 Party members have been given different disciplinary punishments, such as being warned, seriously warned, removed from Party posts, placed on probation within the Party, and expelled from the Party, which is the most severe one.

Out of the punished, 10 were officials above the deputy provincial chief, or army commander level; 113 above the district head or division commander level; 1,400 cadres above the county magistrate, or regimental commander level.

"As a result, the Party's build-up has been improved. The campaign will be consistently carried out so as to invigorate and purify the Party's rank and file and promote its structural integrity," a high-ranking official with the Central Commission for Discipline Inspection of the Communist Party of China (CCDICPC) said yesterday.

CCDICPC estimates that 120,000 cases involving Party members will have to be investigated by the Party's discipline inspection departments at all levels by the end of the year, thus bringing the number of cases investigated to 210,000 since the Party's 13th Congress, which convened in 1987.

Since the congress, 256 senior officials above the provincial or ministerial level have been reported by public for alleged malpractices and, to date, 66 of them have admitted to wrong-doings, sources with the CCDICPC disclosed.

With regard to appraisal of membership, the official said it was aimed at singling out those "really unqualified" Party members who have not behaved as the Party's Constitution requires. He said they will be asked to quit unless their performance improves.

Those who have succumbed to serious corruption should be thrown out of the Party without hesitation, he added.

Most of the Party members punished were found to be involved in money offences like bribery, embezzlement, abusing their power for all kinds of personal gains such as sumptuous dwellings, overseas tours, bonuses and commissions and the like, the official said.

Refusing to follow the country's family planning policy makes up the second major group of those disciplined, he said.

Other misdeeds encompass indiscreet and dishonest life, dereliction of duty, favoritism and red tape.

"What we strive to achieve is to eliminate corruption and incompetence within the Party, enabling it to work better," the official said.

In addition, all the Party's discipline inspection units have been asked by the central government to join the efforts of the supervision, industry and commerce, public security, taxation, auditing and other departments concerned, to fuel the current anticorruption

campaign and help clear the entangled business corporations and straighten out circulation channels.

### Article Compares Multiparty, One-Party Systems

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OVERSEAS EDITION in Chinese 24 Nov 89 p 2

[Article by Zhan Zhongfu (6124 1813 1381) and Liu Jifu (0491 4949 4395): "Tentative Views on the Impossibility of Practicing a Multiparty System in China"]

[Text] Whether China can practice a multiparty system is a problem people often discuss and ponder. Recently, due to the inadequacy of publicity given to the study of political parties, some comrades are confused, and people advocating liberalization use the multiparty system as a banner and political program to cheat and stir up the masses. Therefore, it is necessary to rely on comrade Deng Xiaoping's consistent thought, and to use the basic viewpoints of Marxist dialectical materialism and historical materialism, to look at both history and reality, in order to clarify the principle of this important problem, and to distinguish right from wrong, for the sake of unifying our thought.

#### I

Marxism states that a political party is a representative for the interests of a certain class, category, or political group; it is a political organization which serves it in struggles. A political party resembles a state in that both are products of class struggle and are tools for class struggle. In different countries, because state powers differ in nature and ruling classes differ in interests, there exist political parties that differ in nature, and systems of political parties that differ in nature. The kind of system of political party practiced in a country is never a random choice or subjective guess, but is an objective historical necessity and is determined by the nature of political power in that country and by its basic conditions, such as its social system, history, ethnic tradition, and social foundation. Among these factors, the state's economy and political interests are the ultimate determinants.

The political party system is a characteristic common to the political life in various countries in the contemporary world, but, in different countries, the concrete leadership pattern and organizational pattern by which activities are launched by the political parties according to the nature of political power are different. If we abandon triviality, and look solely at the system of political power, there are currently three kinds of systems: One-party system, two-party or multiparty system, and the system of cooperation among various parties under the leadership of a single party. Owing to the fact that the system of political party and political system are mutual conditions and mutual supplements, most capitalist countries practice a two-party system or a multiparty system, with a minority practicing a one-party system, whereas socialist countries generally practice one-party

system or the system of cooperation among various parties under the leadership of the communist party. In a country, no matter which system is practiced, it is determined by the nature of political power in the country, as well as by its socio-political and economic institutions, and is a necessity of historical development.

The multiparty system or two-party system practiced by capitalist countries is built upon the basis of the capitalist economy and the capitalist political system and is the product of history and reality of capitalist countries. When capitalism was at its initial phase of development, the multiparty system reflected the conflict between the bourgeoisie on the one hand and feudal lords and aristocracy on the other, as well as the political demand for free competition. After the mid-19th century, alongside the development of capitalism was bourgeoisification of landlords and aristocrats. In particular, during the age of imperialism, what was reflected by the multiparty system was no longer the conflict between bourgeoisie and landlords and aristocrats, but was the politics of struggle for profits between various capitalist groups; it was the product of long and intensified struggles between various political forces within the bourgeoisie, and was a political form for coordinating internal relations and for cheating the working people and blunting their will. Monopoly, which was characteristic of imperialism, originally had demanded a high degree of political centralism, but because monopoly could not eliminate competition—on the contrary, it had intensified competition—therefore the bourgeoisie could not form a unified political party; what they could form were parties which competed against each another. Here we can see that the two-party system or multiparty system practiced by capitalist countries is a necessary pattern by which capitalist groups compete against one another, restrain one another, and make compromises; it cannot change the essence of bourgeois dictatorship.

The reason why most socialist countries practice the one-party system or the system of cooperation among various parties under a ruling proletarian political party is, basically speaking, determined by the political system of socialism and by the nature of the political party of the proletariat. Upholding the leadership of the proletarian political party is an intrinsic essence of the political system in socialist countries. By practicing the people's democratic dictatorship based on the system of public ownership, socialist countries are able to eradicate exploiting class and exploitation, and the masses have the common basic interests and lofty aspirations; therefore the multiparty system, as a reflection of competition and rivalry between different classes and interest groups, loses social foundation for existence. At that moment, the proletarian political party comes to represent the basic interests of the great masses of people; its nature, programs, lines, principles, and policies embody the basic demands of the people and are able to unify various interests of the society as much as it possibly can, to fight for a common goal.



## II

Over the long period of revolution and practice, our country has gradually established the system of cooperation among various parties under the CPC leadership; that is, cooperation among various parties under the CPC leadership for "long-term coexistence, mutual supervision, mutual assistance, for better or for worse."

Our country's system of political party differs from the one-party system in socialist countries and from the two-party or multiparty system in capitalist countries. Comrade Deng Xiaoping said: "Our country also has many parties; however, the prerequisite is that these parties in China must recognize the CPC leadership and serve socialist undertaking." (Selected Works of Deng Xiaoping, p 231) And this is to say that, at present, China's eight democratic parties (the Revolutionary Committee of the Chinese Kuomintang, the China Democratic League, the China Democratic National Construction Association, the China Association for Promoting Democracy, the Chinese Peasants and Workers Democratic Party, the China Zhi Gong Dang, the Jiusan Society, and the Taiwan Democratic Self-Government League) are not "parties not in office" or "opposition parties," but are CPC's allies and partners. Their relations with the CPC are relations in which they support the CPC leadership and carry out cooperation with the CPC for common interests and goals; there does not exist the problem of whether the CPC is stepping down and who is going into office, nor the problem of sharing the power to lead.

Our country's system of cooperation among various parties is a new type of political party system, with Chinese characteristics; its most important characteristic is integration of leadership and cooperation. The so-called leadership means that the position of CPC leadership cannot be replaced, and that various democratic parties voluntarily accept the CPC leadership. The so-called cooperation means that upon the foundation of identical basic interests and goals, various political parties support one another, cooperate together, discuss and are consulted on a equal footing, and supervise one another; and that in regard to organization, they are independent from one another, respect one another, are equal to one another before law, and together run the government.

Our country's system of political party has incomparable ascendancy over the two-party system or multiparty system in the capitalist countries in Europe and America. The bourgeoisie in these countries have tried their best to boast that their system is the most democratic. Judging from the surface, it also seems that two or more parties can rule in turns, while the masses can vote to choose a certain party to rule. But in reality it is an oligarchic system which "releases political power from one hand and immediately picks it up with the other," (Collected Works of Marx and Engels, vol 11, p 399) and is a way to protect monopolistic bourgeois dictatorship. As Comrade Deng Xiaoping pointed out: "What are the

strong points of a multiparty system in a capitalist country? That kind of multiparty system is determined by the competitive situation in which various factions within the bourgeoisie engage in internal strife; and none of them represents the interests of the working people." Even George Washington, the first President of the United States, said frankly in his "Farewell Speech" that this kind of rule in turns had committed the most disgusting sin and that it was itself a form of terrible despotism. In our country's system, various democratic parties accept the CPC leadership, take the "Common Program" and the "Constitution" as their own political program, participate in the people's political power, take part in important decisionmaking, and reflect the interests, suggestions, and demands of the classes and strata to which they are linked, fully indicating a broad degree of democracy. The relations between the ruling party and various democratic parties are the relations between the leader and the led on the one hand, and the relations of cooperation and friendliness on the other. This is beneficial to stabilizing policies and unifying leadership strength, and to supervising and inspecting the ruling party, so as to enable the ruling party to make fewer mistakes. This kind of system of political party is unmatched by the two-party system or multiparty system of capitalism.

## III

The current political party system adopted by China is an inevitable result of historical development. The reason why the advocates of bourgeois liberalization also advocated the multiparty system was that they wanted to establish an opposition party so that they might contend with the Communist Party for state power and might take turns to rule the country. Obviously, the multiparty system they have advocated is not the cooperation among various parties in the socialist country. There are no objective conditions for practicing that kind of political party system, and it is not an inevitable result of historical development as well.

Looking at the problem from an angle of historical development, after the Opium War, China gradually became a semi-colonial and semi-feudal state. In external affairs, the Chinese people did not have national independence, while in internal affairs, they did not have a democratic system. They had no parliament and no legal right to organize mass movement. At the time around the 1911 Revolution, various political forces, which cherished an illusion of "parliamentary politics," organized a number of political parties one after another. But restricted by the national situation at that time, many of them were soon suppressed by the reactionary classes or dismissed all by themselves. Finally, two major political parties remained in China. They were the Communist Party of the Kuomintang [KMT]. Other parties became their subordinates or rallied around the two. In 1924, the CPC and the KMT, which was led by Dr. Sun Yat-sen, realized their first cooperation. This was the first attempt by both parties to rule the country together, but it soon failed. Later, Chiang Kai-shek and

Wang Ching-wei betrayed the revolution and seized the revolutionary fruit. By "cleaning up the party" and inciting White terror, they cruelly persecuted and killed the CPC members and other revolutionaries, turning the KMT into a reactionary political party of the big landlords and the bourgeoisie against the Communist Party and the people. In order to hold high the banner of revolution, the CPC could not but establish a red army and carry out the land reform in rural areas. A life-and-death struggle to determine China's destiny and future was then started between the two parties. This decisive struggle proved that in China there did not exist any social conditions for practicing the two-party or multiparty systems, as the Western countries had done. Moreover, it made various political forces in China further break up. With the failure of the KMT in military affairs, and the success of the new democratic revolution in China, a system of cooperation among various parties under the leadership of the Communist Party was finally established. It was established naturally through historical elimination rather than through election and competition.

After the founding of New China, we began to realize a change from new democratism to socialism. Particularly, after 1956, with the basic completion of the socialist transformation of the means of production, the thousand-year-old exploitation system was ended, and a fundamental change took place in our class relations. As a result of this change, the main contradiction in our country was no longer the contradiction between the working class and the bourgeoisie. Thus, there was no longer a class basis for the emergence and existence of antagonistic political parties. In this period, the democratic parties are, in reality, not political parties of class alliance but new types of political parties serving socialism and alliance of socialist laborers and socialist patriots. Adhering to the four cardinal principles has become a common political basis for the unity and cooperation of the CPC and various democratic parties in the construction of socialist modernizations. Under this situation, it is impossible and unnecessary to establish a so-called opposition party and practice a two-party or multiparty system. Just as was pointed out by Comrade Deng Xiaoping, the leadership of the CPC in China's socialist cause has been formed in the history of struggle over the past 60 years or more.

Judging from the current realities, as China is a big country with a population of 1.1 billion, in the course of building socialist modernizations, although there are many favorable conditions, there are also many social problems and difficulties, such as economic problems, the problem of resources, the population problem, and the employment problem. Our tasks are very arduous. Without the leadership of the CPC, no other political forces in China are capable of carrying out such heavy historical tasks. This is not only because China's modern history does not allow the parallel development of antagonistic parties in our country or the establishment of a political party that is a match for the CPC politically and

organizationally, but also because in our socialist country, no political parties other than the CPC can lead China in taking the socialist road. Moreover, the ideological infiltration, instigation, peaceful evolution plot, and strategy of "winning without fighting" of the international monopoly bourgeoisie have never changed. The trial of strength between the two systems, socialism and capitalism, is still being carried out in a more complicated form. Under this major international climate, if we allow the establishment of an opposition party and carry out the multiparty system, all kinds of political forces and political ideas will certainly come up to the stage, and the reactionary forces abroad will take this opportunity to meddle in China's internal affairs. Thus, China will be pushed back to an era in which there are all kinds of political ideas and political parties and the people will drown in a whirlpool of struggle among various parties. There will inevitably be great disturbances in society, and the Chinese nation will suffer great disasters.

#### IV

China's political party system was formed in the years of war. Generally speaking, it has not been greatly changed since the founding of the state. In view of the new situation and new problems, especially under the situation of reform and opening up and on the question of how to give play to the advantages of this political party system, there are still many things to study and many problems to solve. Our party is a great, glorious, and correct party. However, since it became a party in power, it has really committed some mistakes, including some very serious mistakes. There do exist some phenomena such as bureaucratism, the over concentration of power, and all kinds of privileges. Particularly, the problem of corruption within the party has seriously divorced our party from the masses. Just as was pointed out by Comrade Deng Xiaoping, it is time for us to grasp our party, or we may not succeed. However, under no circumstances should we show doubt about the leadership of the Communist Party and the political party system of our country.

As our party is a ruling party, some party members may claim credit for themselves and become arrogant, seek pleasure and comfort, take advantage of their power to seek private gains, divorce themselves from the masses, and commit the mistakes such as subjectivism and bureaucratism. As early as in the 18th century, some enlightened Western thinkers already said that power was a kind of corrosive, and unrestricted power might engender corruption. If power was absolutely unrestricted, corruption would absolutely emerge. Power has a dual character. It can serve either correct things or wrong things. If it is not restricted, it can be changed. When the democratic revolution was advancing toward victory, Guo Moruo and Huang Yanpei had both admonished our party to guard against it. At that time, Comrade Mao Zedong said that we had already found a method, and that was democracy. When the people were exercising supervision and everyone had a good sense of responsibility, the power would never die. Now we can

see that the problem of a party in power conscientiously accepting the supervision of the masses, especially the strict supervision and examination within the party, has not been well solved. Over the past few years, due to the influence of various erroneous ideological trends, some party members have slackened their efforts in remolding ideology and refused to accept the supervision of the masses. As a result, the power in their hands has changed, and they have taken advantage of their power to seek private gains and indulged themselves in various unhealthy practices. What they have done has aroused strong indignation among the masses of people. That was an important reason why many people were involved in the recent turmoil. Facts have proved that in order to uphold party leadership, it is necessary to improve party leadership, improve the political party system of our country, and severely punish corruption. Otherwise, there will be a danger of failure.

Originally, the current political party system of our country has a function of developing a democratic style of work and a function of mutual supervision among various political parties. But we have not brought these functions into full play. A main reason is that our political party mechanism has still not been perfected in an all-round way. We must correctly handle the relationship between party leadership and the cooperation with the democratic parties, continue to put the Communist Party in the leading position while cooperating with the democratic parties, actively carry out political consultations, and conscientiously accept the supervision of the democratic parties. We must gradually change the old habits of centralization of power and unified government order and attach importance to the opinions and demands of the democratic parties. In propaganda, it is necessary to give necessary publicity to the work, position, and role of the democratic parties so as to give fuller play to their role of supervision over the ruling party.

Of course, for a big party in power, it is not enough to merely have the supervision from outside, especially in this specific historical period and in this specific environment. In a certain sense, the supervision from outside is just an external cause. In order to carry out its historical mission, the party must strengthen the supervision from within and do a good job in party building. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has worked out many regulations and measures in strengthening party building. Since the 4th Plenary Session of the 13th CPC Central Committee, more concrete regulations have been worked out according to the demands of the masses. Our party is a party armed with Marxism-Leninism and a party with glorious revolutionary traditions. On the question of party style, it is entirely capable of solving its own problems. It is unnecessary for us to seek a way out from the bourgeois multiparty system. On this question, we should have full confidence.

### Official Discusses Special Zones, Open Cities

HK2311042489 Hong Kong WEN WEI PO  
in Chinese 23 Nov 89 p 1

[Report by Lin Yu-Tung (2651 5940 2767): "Liao Hui, Director of the State Council's Office of Overseas Chinese Affairs, Says Special Zones and Coastal Cities Will Open Wider to the Outside World"]

[Text] Shenzhen, 22 Nov—Liao Hui, director of the State Council's Office of Overseas Chinese Affairs, told participants at a public gathering from the country and abroad that the central authorities will call a meeting on the special zones and coastal open cities soon. The meeting will discuss how to further implement the open policies and possibly work out some new measures.

Liao Hui made the above disclosure at the economic fair held in the Overseas-Chinese Town in Shenzhen after he had taken part in the opening ceremony of the Shenzhen miniature scenic spot "Splendid China."

He said: China has opened its doors to the outside world for 10 years. Over the last 10 years the open policies have played an active role in advancing China's economy and raising popular living standards. This achievement is unparalleled in history. As Deng Xiaoping put it, China will open its doors wider to the outside world rather than changing its open policies. He hoped that foreign friends will never be misled and think that China will close the doors and change its open policies after the Beijing incident. This worry is uncalled-for, because the open policies have brought benefits to 1.1 billion people and have been rooted in the masses. Only by opening the doors wider can China proceed more smoothly, can people's living standards be enhanced quicker, and can the country catch up with developed countries sooner.

Liao Hui said in concluding his speech: China has to rely mainly on the efforts of its own people for economic expansion, but the support from friends residing abroad is indispensable. He hoped that people residing abroad will often visit China and make investigations, so that they will have a better understanding of China, establish a closer friendship with Chinese people, love China, Shenzhen, and the Overseas-Chinese Town, and link their undertakings with China's, Shenzhen's, and the Overseas-Chinese Town's undertakings.

### Author Denies Book Banning, Personal Attacks

HK2311040489 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 1500 GMT 22 Nov 89

["The Author of 'China on a Hillside' Denies That the Book Has Been Banned"—ZHONGGUO TONGXUN SHE headline]

[Text] Guangzhou, 22 Nov (ZHONGGUO TONGXUN SHE)—Since the 4 June incident in Beijing, the mainland authorities have been engaged in screening and rectifying the publications market. Many people overseas are concerned about the fate of this book and its



author and there is much speculation. "China on a Hillside" is quite renowned for its criticism of the country's present shortcomings. Several days ago our reporter interviewed the author of this book, Ho Bochuan, who is an assistant professor of philosophy at Zhongshan University.

Our reporter met Mr Ho, who is almost 50, at his residence located in the southwest of the university. Upon learning the purpose of our reporter's visit, Mr Ho laughed heartily. He has received many letters from readers and friends overseas asking him about his recent situation, he said. There were rumors abroad that "China on a Hillside" had been banned and that he had been criticized. This is not true. This book has not been banned. The book is not available now because it is out of stock. He said that he was not criticized or subjected to examination and that he worked and lived as usual.

On the present activities of screening the publications market and "combating obscenity," Mr Ho said that these are targeted at vice and obscene publications and do not involve too many political or academic works. Yan Jiaqi's and Su Xiaogang's works have been banned because they engage in antigovernment political activities. No attacks have been launched against ordinary intellectuals.

### Science & Technology

#### Song Jian Discusses Sanctions, Technology Goals

##### Stresses Self-Reliance

OW2011143189 Beijing Domestic Service in Mandarin  
1030 GMT 19 Nov 89

[By GUANGMING R!BAO reporter (Liu Jingzhi) and station reporter (Yang Shiguang); from the "National Hookup" program]

[Text] Speaking at a report meeting on strategic goals in the fields of automation and high technology, which ended today, Song Jian, state councillor and minister in charge of the State Science and Technology Commission, stressed the necessity of expanding cooperation with foreign countries on the basis of our own strength in scientific and technological research and development. Persisting in opening to the outside world while putting stress on self-reliant development, he said, is by no means a tentative measure, but a basic principle that our country must follow in conducting the work of science and technology.

Song Jian said: Cooperation in any field of science and technology, especially in high technology, must be based on our own strength. We must put emphasis primarily on self-reliance instead of cherishing any unrealistic illusion. Experience has shown that only when we have stood up and kept abreast of or even surpassed others in certain fields of science and technology was it possible to

conduct international cooperation that was truly mutually beneficial. Only when we have begun to master a certain technology and have the capacity for production can they relax the restriction on that technology.

Referring to the sanctions presently imposed by some Western countries against China, Song Jian said: History over the past 40 years has proved that no other country in the world made such great achievements in a short period of time as we did. Now, the West is no longer capable of imposing a blockade on us as in the 1950's and 1960's, not to mention the fact that our international cooperation is based on mutual benefit, and we are not asking for favors from anyone. The West can gain great benefits from China. As long as we persist in our reform and opening-up drive, our environment for international cooperation is sure to be further improved.

Song Jian pointed out: Though sanctions can bring some hindrance to our research work, it has also provided opportunities for Chinese scientists and technicians. More and more people of the industrial circles in our country have come to understand that the importation of technology must be integrated with the domestic work of research and development. Only thus can we hold an invincible position in the storms of international competition.

Touching on the high-technology development program, known as Project No 863, Song Jian said: Now, it has been over 3 years since Comrade Xiaoping issued the instruction. The efforts we made during these 3 years or so have produced considerable results. For example, in the field of automation, ultimate goals and targets for each stage have been set, a scheme has been formulated for implementing the plan, the design of the overall experimental project has been made and completed, and seven key laboratories in the countries have been designated for the work. Meanwhile, we have formed a scientific and technological work contingent involving different professional fields and departments and very capable of tackling key problems.

Song Jian pointed out: It is necessary to pay attention to assimilating, absorbing, and further developing the advanced technologies we have imported and to raise our own capability of design so as to replace imports with domestic products and promote exports. This is one of the orientations we should use in guiding the research and development work for Project No 863.

In particular, Song Jian praised the spirit of integrating selfless dedication with seeking truth from facts that the scientists and technicians have demonstrated in implementing Project No 863. This is the spirit of Project No 863, the spirit of being responsible to the party, the people, and the future of our motherland, he said.

### Stresses Technology for Industry

OW2011010389 Beijing XINHUA Domestic Service  
in Chinese 1546 GMT 18 Nov 89

[By reporter Dong Jianzhen (5516 6432 4176) and correspondent Zhao Nailin (6392 0035 2651)]

[Text] Shenyang, 18 Nov (XINHUA)—Song Jian, state councillor and minister of the State Science and Technology Commission, today addressed a Liaoning provincial meeting on exchanging experience in building enterprises guided by science and technology [ke ji xian dao xing qi ye 4430 2111 0341 1418 0992 0120 2814]. He pointed out that since our country is encountering some difficulties in economic development, it is even more imperative for us to rely on scientific and technological progress to improve the quality of our enterprises and tide over the difficulties.

Song Jian said: Liaoning began the building of enterprises guided by science and technology earlier than other provinces. Following several years of exploration that began in 1987, it has constantly summed up experience and achieved some success. Its experience should be publicized throughout the country.

Song Jian pointed out: The building of enterprises guided by science and technology conforms to the guidelines of the recently concluded 5th Plenary Session of the 13th CPC Central Committee. A resolution adopted by the plenary session unequivocally points out that "improvement of economic efficiency must rely on scientific and technological progress." With the vigorous development of the world's technological revolution, the importance of science and technology to economic development and social progress has become greater and greater and more and more evident. We must attach great importance to the promotion of scientific and technological progress, be it to overcome our current economic difficulties, to ensure steady economic development, or to attain the grand goal of socialist modernization. Industrial enterprises, as the pillar and lifeblood of the national economy, hold an important position in national economic development. The situation of industrial enterprises has a bearing on overall economic development. The overall situation of China's industrial enterprises shows that their quality is generally poor, their equipment old, their technology backward, and their products outmoded. It is necessary to rely on scientific and technological progress to improve the quality of enterprises.

Song Jian emphasized: Enterprises should resolutely switch to the track of relying on scientific and technological progress. To build enterprises guided by science and technology is an important measure and effective way to promote scientific and technological progress. It meets the needs of enterprise development and creates a good environment for science and technology to be introduced into enterprises. In building enterprises guided by science and technology, we should rely on

science and technology to promote technological transformation and structural readjustment in enterprises, raise labor productivity, enhance the competitive power of products, and constantly improve our enterprises.

### Reporter Visits Shaanxi Rocket Testing Center

HK0211121989 Xian Shaanxi Provincial Service  
in Mandarin 0030 GMT 28 Oct 89

["Newsletter" by station correspondent titled "Report from the Hometown of the Rocket Dynamic Force: An Introduction of the Largest One-Stage Rocket Engine Testing Center, Shaanxi Dynamic Force Experiment and Technological Research Institute of the Ministry of Aeronautics and Astronautics Industry"]

[Excerpts] In a poor, little-known valley in the depths of the hills of our province, is unexpectedly situated a state-level rocket research unit. When foreign experts first visited here, no wonder that they were all astounded and gaping. However, it is true that the Shaanxi Dynamic Force Experiment and Technological Research Institute has been here for over 20 years. In the middle of the 1960's, groups of scientific and technological workers came to this poor valley from the large cities. They lived in thatched cottages and drank river water. Under the extremely hard conditions, they fostered the Yanan spirit of self-reliance and completed in a short time the building of a one-stage rocket engine bedstand, the largest in Asia. Over the past 20-odd years, unknown to the public, they have been working. [passage omitted]

Over the past 20-odd years, this research institute has successfully conducted experiments on several dozen of models of one-stage rocket engines on some 2,000 occasions. A kind of engine that had been tested and whose design had been finalized was the only such product in the whole country which won a gold medal. In 25 tests out of the 30 space carrier [hangtian yunzai] tests conducted in our country, the engine whose design had been completed here after experimentation was used to send it to outer space. A record of accurate launching was achieved.

### 'Great Advance' Made in Superconductivity

HK1611042589 Beijing RENMIN RIBAO in Chinese  
10 Nov 89 p 3

[XINHUA report by Zhang Xuequan (1728 1331 0356): "Shanghai Breaks World Record in Superconductivity Studies"]

[Text] Shanghai, 9 Nov (XINHUA)—Chinese scientists have again made a great advance in the study of superconductivity. Adopting the technique of one-time membrane formation by the method of chemical gaseous-facies sedimentation from a metal organic source, they recently succeeded in developing an yttrium superconductive membrane with zero resistance and a maximum temperature of 90.5 Kelvin, thereby setting a new world record.

The method of chemical gaseous-facies sedimentation from a metal organic source is a new technique of one-time membrane formation by means of the chemical gaseous-facies sedimentation of a metal organic compound. Previously, Japan's Northeast University applied this technique in developing a superconductive membrane with zero resistance and of a maximum temperature of 89 Kelvin.

In the international competition in the field of superconductivity studies, scientists in recent years have mainly adopted the technique of direct-current magnet-controlled sputtering in developing the membrane. However, this method can be applied only to a relatively regular object, whereas the technique of one-time membrane formation by means of chemical gaseous-facies sedimentation from a metal organic source has the characteristics of requiring simple research equipment and being compatible with production processes involving electronic devices. In particular, by applying this technique, a superconductive membrane can be made on filiform or strip materials and other objects of irregular shape, thus overcoming the difficulties encountered in the processing of fragile ceramic superconductive materials.

Our country's superconductive membrane developed by the technique of one-time formation is an achievement of the joint efforts made by the Shanghai Institute of Metallurgy and the Shanghai Institute of Organic Chemistry, both under the Chinese Academy of Sciences.

### Military

#### Chi Haotian Reaffirms Opening Up Process

OW2411025189 Beijing XINHUA in English  
0224 GMT 24 Nov 89

[Text] Beijing, November 24 (XINHUA)—The Chinese Army will not close its already opened door to the outside world, said Chi Haotian, chief of the general staff of the Chinese People's Liberation Army, in "CHINA DAILY" today.

He said that after 10 years of reform and opening to the outside world, weaponry in the Chinese Army has made great progress thanks to the introduction of advanced technology from other countries.

Meanwhile, China enjoys an outstanding force for military, scientific and technological research and the country is now capable of making its own advanced weaponry, Chi said.

Chi stressed that the Chinese Armed Forces have the ability to resist any foreign invasion.

Last week, the Chinese Air Force celebrated its 40th founding anniversary and Wang Hai, commander of the Air Force, said that the Air Force has become one which is capable of air attack, support and transport as well as defence.

In its initial stages, most of China's Air Force aircraft were purchased from the Soviet Union. However, in the mid 70s, Chinese made aircraft and missiles came into operation.

#### Deng Meets Editors of 2d Field Army History

OW2011154989 Beijing XINHUA in English  
1513 GMT 20 Nov 89

[Text] Beijing, November 20 (XINHUA)—Deng Xiaoping met in the Great Hall of the People today members of the editorial board compiling "The Battle History of the Second Field Army of the Chinese People's Liberation Army" and their senior advisers.

Deng Xiaoping said he was glad to see them. Most of them had been in the Second Field Army, which was led by Liu Bocheng and Deng Xiaoping during the revolutionary war leading to the founding of the People's Republic in 1949.

He shook hands with every one, asked about their health and work and had pictures taken with them. Then he sat down with them and clearly recalled how the Second Field Army had done more than asked of it by Chairman Mao Zedong and the party Central Committee.

Present at the gathering today were Qin Jiwei, state councillor and minister of national defence, and Song Renqiong, vice-chairman of the Central Advisory Commission of the Central Committee of the Chinese Communist Party.

The Second Field Army is an important part of the Chinese People's Liberation Army. It made outstanding contributions during the anti-Japanese war (1937-1945) and the war of liberation (1945-1949).

"The battle history of the Second Field Army of the Chinese People's Liberation Army" is divided into two volumes, one being devoted to the anti-Japanese war and the other to the war of liberation. They will be published next year.

#### PLA Certifies First Legal Advisers

HK2111051989 Beijing JIEFANGJUN BAO in Chinese  
12 Nov 89 p 1

[Report by Liu Zhoujian (0491 0719 1696): "First Military Legal Advisers Training Class Completes Courses; Number of Military Cadres Given 'PRC Military Legal Adviser Certificates'"]

[Text] Beijing, 11 Nov—The first military legal advisers training class completed the course today. More than 100 military cadres joyfully received the "PRC Military Legal Adviser Certificates" issued by the Ministry of Justice and the General Staff Headquarters.

The military legal adviser system was set up early this year by the commanding organs of the Army. This system provides legal services for the administrative



heads and the administrative organs, helps maintain the order of administrative management according to the laws, and promotes the legalization process of the administrative management of military affairs. In February of this year, the Ministry of Justice and the General Staff Headquarters jointly issued a circular, stipulating the character, tasks, functions, and jurisdiction of the military legal advisers and the requirements they should meet. The 25-day training course was given to more than 100 Army officers and civilian cadres from the military administrative organs or other military organs at and above the level of Army corps. The students are current lawyers or university graduates majoring in law. The course provided intensive and comprehensive professional training. In the period of training, the students not only studied the theory and practice of military legal advisers, relevant legal affairs, and lawyers' actual practice; but also raised their oral expression ability and even physical ability through various training practices. The course broadened the vision of the students and expanded their scope of knowledge. Before the conclusion of the training course, the Ministry of Justice and the Military Legal Advising Office of the General Staff Headquarters examined and assessed the professional performances of the students and found that they all met the requirements.

During the training period, Chief-of-General Staff Chi Haotian, Deputy Chiefs-of-General Staff Xu Huizi, Han Huaizhi, He Qizong, and Minister of Justice Cai Cheng met with the entire students. Chi Haotian and Cai Cheng encouraged the students to follow Comrade Deng Xiaoping's instruction about "using one hand to grasp construction and the other hand to grasp the legal system," enhance their legal professional attainments, and make contributions to the legalization process of the Army's administrative management.

### Economic & Agricultural

#### Article Discusses Recent 'Chaotic Economics'

OW1911015989 Beijing GUANGMING RIBAO in Chinese  
4 Nov 89 p 3

[Article by Li Maosheng (2621 5399 3932): "'Confusion in Economics' and Bourgeois Liberalization"]

[Text] Some people summarize economic studies which have been very popular in recent years as chaotic economics. This assessment is not entirely without factual basis. However, a scientific comprehensive evaluation in this regard can be made only after we analyze the two distinctly different trends in the field of economic studies that have emerged since China embarked on its reform and open-door policy.

The mainstream of the two trends consists of a large group of Marxist economists who study the practical problems of China's construction and reforms from the

Marxist stand, viewpoints, and approaches. They establish theories on the initial stage of socialism and on the socialist planned commodity economy, thereby laying down the groundwork for China's reform theory and enriching and promoting Marxist economics.

Judging from the mainstream, we can see that economics in our country is getting clearer and more mature every day. Therefore, we cannot draw the conclusion of "chaotic economics." However, there is a tributary, or an adverse current, in economic circles. This is the current of bourgeois liberalization. An extremely small number of adamant proponents of capitalism belittle Marxism and Marxist economists while praising the capitalist system. They indiscriminately bring in Western economic philosophies and policies and, in the end, confuse the economy to a certain degree. Therefore, if any confusion exists in the study of economics, it is bourgeois liberalization.

#### 1. The First Claim Made by Bourgeois Liberalization in the Sphere of Economics Is a Thorough Negation of Marxist Economics

An important argument used to negate Marxist economics is that the development process of socialism from a utopian idea to a scientific ideology has not been completed yet. We do not deny that there are some utopian elements in traditional theories, but the existence of utopian elements by no means can be used as a reason for denying that socialism has evolved from being utopian to being scientific. In the same way, we cannot deny that the development process from ape to human being has yet to be completed, on the grounds that the modern human race occasionally demonstrates remnants of animal savagery. As a matter of fact, the establishment of historical materialism and the theory of surplus value has already turned utopian socialism into scientific socialism, which has been proved in the history of Marxist theories. Some who do not understand the widespread and profound significance of Marx's two great inventions use the so-called problems of the major indicators of the socialist economy in real life—the public ownership system and the principle of distribution according to labor—to confuse us and drive us into idle thinking.

The problems of the public ownership system will be discussed later. Regarding distribution according to labor, I would like to point out two things: First, there are only three forms of distribution for us to choose from in the current stage—distribution according to work, according to seniority, and according to need. A widely implemented distribution according to need goes beyond the current level of the development of the productive forces and therefore is not suitable for preliminary distribution in the initial stage of socialism. General distribution according to seniority is not feasible in any sense. Therefore, due to the fact that people enjoy an equal share of the means of production and that their income is naturally based mainly on their labor, distribution according to labor has become the major form of

distribution fit for the current level of the development of the productive forces. Second, the principle of distribution according to labor in its current form can be further improved and explored. From the perspective of reality, the form of distribution according to labor as practiced in an economy like ours where an interchange of commodity and currency is common is bound to be different from direct and equal change of labor envisioned by Marx in his time. Individual labor and local labor composed of individual labor have to "travel a tortuous road" before being called social labor. To distribute according to social labor is still distribution according to labor. As for the problems emerging in the process of carrying out such distribution, these are technical problems which can be corrected. Therefore, it is unjustifiable to cite them as the reason for negating distribution according to labor.

Another concept to negate Marxist economics is to brand it as "economics of a destructive nature." It is true that Marxist economics is a powerful weapon in criticizing and transforming the old world. Naturally, the criticism and transformation of the old world may be regarded as the destruction of the old world. However, it is entirely wrong to defame Marxist economics as economics of a destructive nature. Although Marxist economics was founded on the basis of a peculiar economic system aimed at studying capitalism, its rich content has far exceeded the scope of capitalism. It fully reflects the general rules in the generation of material conditions for human life, the basic theories on social reproduction, and the series of laws on a commodity economy under the condition of socialized mass production. All these are of great significance in directly guiding us in developing our socialist modernization program. This is the type of constructive economics that we need to study.

## **2. The Most Fundamental Manifestation of Bourgeois Liberalization in the Sphere of Economics Is the Vilification of the Public Ownership System and the Peddling of Privatization**

The system of ownership is a summation of production relations and the foundation of an economic system. To follow the capitalist road, one must make an issue of the ownership system. Therefore, some people have started to speak ill of the system of public ownership and to peddle privatization, claiming that the system of public ownership hinders the development of the productive forces and that it cannot solve the problem of efficiency.

Despite the fact that this concept has, to a certain extent, created a chaotic situation in society, it will never have its way, because we have emphasized the system of public ownership while opposing privatization. We are not doing this because of our ideological consideration only. We mainly base our belief on the understanding that production relations must conform with laws in the development of the productive forces and on our judgment and the choices which we have made after taking into consideration the development in society and the interests of the people. The system of public ownership is

economically aimed at resolving the contradiction between the social nature and the private nature of production. Perhaps we can say that it is aimed at softening the sharp antagonism between labor and capital. This guideline is unshakable. As for the question of whether or not the public ownership system hinders the development of the productive forces, it should be judged from the interests of laborers, who are the most revolutionary and lively factor in the productive forces. Under the system of public ownership, the laborers are free from enslavement and exploitation. They jointly possess the surplus product value. As a result, they have basically liberated the productive forces. In practice, more than 10 countries and over a billion people have chosen to follow the socialist road since the October Revolution. They used the public ownership system to replace the private ownership system. Since the founding of the People's Republic of China, our nation has basically brought inflation under control within a short period of several years and has restored and developed our economic strength in an overall manner. Can all this be interpreted as "mistakes of a historical nature"? Can we say that the system of public ownership will inevitably weaken efficiency?

Regarding the private ownership system, we have consistently maintained that it is definitely not an effective prescription in modern society. Since World War II, many Third World nations have chosen the private ownership system and followed the capitalist road. However, they are now lagging behind us in terms of economic development, national strength, and people's living standards. This is clear proof. If we are to examine the problems in reform from the ownership system point of view, we have to admit the fact that a policy which benefits the private economy (including the "individual based economy") but harms the state economy (particularly the state-owned large and medium enterprises) has been pursued. This has weakened the economic structure, lowered efficiency, created chaos in the economic order especially in the field of commodity circulation, and created serious problems such as unfair income distribution and so on. If we allow complete privatization and permit all enterprises to be run by civilians, we will only see a bourgeois class fattened on the working people's sweat and toil. We must avoid following the road of primitive, comprador capitalism or bureaucrat capitalism. We should never take the path of privatization.

## **3. The Third Expression of Bourgeois Liberalization in the Economic Sphere is Total Repudiation of the Development of Marxist Economics in China**

Some people say that in the short period of 10 years China's economics has faced a crisis twice. When we started reform, we were quite helpless, and economics soon faced its first crisis. We got rid of this crisis only when we imported Western economics on a large scale. Currently, China's economics is facing the second crisis. What will we do? The only way out is to build the structure of China's economics on the foundation of

Western economics. This point of view blindly worships the West and completely ignores the development and thriving of China's Marxist economics. Actually, thanks to Chinese economists' efforts and the new situation brought about by reform and opening to the outside, China's economics has carried forward and developed economics created by Marx and made breakthroughs in terms of building a complete system of economic science.

On the question of ownership, we uphold the Marxist basic principle that production relations must suit the nature of the productive forces. We discard the theory of ownership in traditional economics. We propose that the choice of ownership should be determined by the level of the productive forces, the objective nature of the organizations of the productive forces, and the objective demand for developing the productive forces and raising economic results. According to the characteristics of the productive forces at the initial stage, ownership by the whole people can be adopted for highly socialized and centralized mass production, while scattered small production is more suited to non-government-owned individual economy or persons. Of course, collective ownership, which shows greater compatibility, or various forms of mixed ownership, may also be adopted. However, collective ownership or mixed ownership mainly suits the level of the productive forces which is between mass production and small production. Multilevel productive forces determines multiform ownership. People should choose a reasonable structure of ownership in accordance with this.

On the question of the theory of distribution, we have upheld and developed the Marxist theory of distribution according to work. We have studied distribution according to work by integrating it with the form of the commodity economy. We have proposed that distribution according to work should play the principal role, that multiform distribution should coexist, and that market mechanisms should be incorporated into distribution of incomes from labor. As a result, we have greatly enriched and developed the theory of distribution.

On the question of the relationship between planning and the market, we believe that this is one of the most important questions in socialist economic activities. The establishment of the "theory of a socialist commodity economy" signifies the reaffirmation in a general sense of the theory on the question of planning and the market systematically proposed at the beginning of 1979. The theory mainly solves the question that planned economy and commodity economy, law of planning and law of value, and planned regulation and market regulation can be integrated. It basically solves the question of integrating planning with the market; that is, planned regulation and market regulation are organically incorporated into one to regulate economic activities.

On the question of establishing an overall economic control system, we think this can be referred to as

economic activity. This was the weakest part of our theory in the past, and it has independent significance. We should say this is the most successful experience we have acquired in absorbing and borrowing the useful components of Western economics, particularly the comprehensive control system including financial policy, monetary policy, industrial policy, and income policy. The question of implementing each of these policies and implementing them in coordination correspondingly stresses the necessity of bringing into full play the economic levers of pricing, production costs, profits, wages, bonuses, credit loans, interest rates, taxes, and other various forms of value. A framework for this theoretical system is already faintly visible.

What has been mentioned above is far from complete. However, even if we add only these up, we cannot jump to the conclusion which repudiates China's economics and Chinese economists. Historical dialectics is relentless. In these 10 years Chinese economists have done something great and have felt no qualms about their deeds while facing history and the times.

#### **Commentary Explains Tightened Money Supply**

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[Commentator's article: "Learn a Lesson From the Past—Answering the Question Whether the Supply of Money Has Been Tightened Too Much"]

[Text] In September of last year, when the financial storm swept across the nation, the central authorities promptly made a decision on rectification and improvement and further tightened the scale of loans. Now, 1 year has elapsed, and what is the result? From the beginning of this year to 26 October, the state was able to withdraw 71 million yuan from circulation; whereas in the same period of last year the state released 47.24 billion yuan for circulation, the difference being 47.3 billion yuan. This achievement has far surpassed the people's estimation on the currency situation early this year. However, the operation of the economy has once again brought back the old pressure pressing the release of loans on a large scale: The average speed of industrial production in the first half of this year was over 10 percent, and public opinion stopped being critical; a slide appeared in July, August, and September and, especially in September, it went down to 0.9 percent, causing much criticism in public opinion. The problem of funds has again become the focus of conflict, and monetary policy has once again faced a difficult choice.

#### **Retrenchment Cannot Work Without Reduction**

Let us first analyze the loan situation. Up to the end of this September, judging from the state's loan scheme, the state has granted loans 37.7 billion yuan less than what was granted in the first 9 months of last year, and this should be viewed as a very big success. First, this effort quickly curbed the overrapidly increasing circulation of



the money supply, cooled the overheated economy, and initially stabilized the financial situation. Second, the state learned from the past the lesson of relaxing in the first time period and tightening in the second, and tightening when it should, so that in approaching the fourth quarter, the peak period for using funds, there would be enough of a funds reserve, thus avoiding being forced to issue currency. Without a doubt, without tightening up the supply of the total amount of funds in the first 9 months, we would not have been able to have today's result. The question is: Has the supply of money been overtightened? This is a question worthy of an answer. First, in the first 9 months, the increased amount of bank loans occupied 37.6 percent of the loan scheme for the whole year; during the past 10 years, only 3 years achieved this proportion, and this indicates that from the viewpoint of total amount there has not been an overtightened supply of loans this year. In our country, most loans must be released in the 4th quarter, for purchasing agricultural and sideline products and materials for production in the next year required by industrial enterprises. In 1987 and in 1988, the proportion was 45.8 percent and 64.4 percent, respectively; in these 2 years, there was an overrelaxed supply of loans in the first 9 months of each year, and a tightened supply of loans was rigidly observed in the 4th quarter, the peak period when funds must be used. This was abnormal. Second, what do we support this year? In the first 9 months, over 90 percent of the increased amount of loans was spent in state-run industries, grain, foreign trade, and agricultural credits; of this amount, loans for state-run industries and materials supply enterprises increased 4.5 billion yuan over the same period of last year; loans for grains increased more than 15 billion yuan; and loans for foreign trade increased 2.8 billion yuan. Third, what do we curb this year? In the first 9 months, loans for township and town enterprises decreased 7.4 billion yuan compared with the same period last year; loans for companies in the circulation domain decreased 13 billion yuan; loans for fixed assets decreased 9.4 billion yuan; and loans for trusts etc., decreased 3 billion yuan. On the whole, in the first 9 months, a total amount of loans of over 37 billion yuan was reduced compared to the same period of last year, while the input of funds for the state-protected enterprises and key businesses increased 22 billion yuan over the same period of last year, and this was realized by curbing 30 billion yuan in the businesses not requiring key attention. By curbing those that should be curbed, and ensuring those that should be ensured, we have realized the goal of strictly controlling the overall allocation of funds. Therefore we cannot blame the retrenchment policy for causing the slowing down of industrial production, for retrenchment cannot work without reduction.

#### **How Should We Perceive the Shortage of Funds During the Period of Retrenchment**

Why do we have a shortage of funds? It is first a problem of the criterion we use to measure. In recent years,

economic development has been rapid, scale of investment has been too large, and consumption has been hovering at a high level. In order to sustain this situation, 9 out of the 10 years of reform experienced deficits; not only is the accumulated debt a heavy financial burden, but the balance in the fiscal years to come is also a very difficult task to handle. In the last 5 years of reform (1984-1988), it was the peak period when money was put into circulation, and the amount of money put into circulation in these 5 years was more than twice the total of what was put into circulation in the period from 1949 through 1983. Obviously, the overheated economy, swelled investment, and consumption were sustained by the huge deficits in loans and finance. The result is that when the supply of money must be tightened under the macroeconomic policy, the following problem will arise: To maintain the original speed of economic development, and to preserve all the enterprises in the country, there must be a shortage of funds. The so-called shortage derives its meaning only from the originally swelled demand, but judging from the demands of rectification and improvement of inflation, we have yet to achieve the goal of shortage. The only solution is: The total amount must be strictly tightened and the structure must be readjusted; those that should be curbed must be resolutely curbed, and those that should be ensured must be ensured. Through rectification, the economy must be put back to order, and the foundation for development must be laid in the next stage. Furthermore, the growth rate of industrial production in the first 9 months of this year was 8.9 percent, and this cannot be called shrinking, because the cooling of the economy should be seen as an effect of the retrenchment policy. Production in July, August, and September continually decreased, but industrial structure has been improving, and output of energy, power, raw materials, and products for agricultural uses have been increasing steadily; the industries experiencing the biggest decrease are not the key industries. Retrenchment provides conditions for adjusting structure and improving quality of enterprises. At present, the concept of the overall situation is particularly an important one, and supply of money cannot be relaxed due to the difficulty faced by some enterprises, making the retrenchment policy go only halfway. Of course, the state's key industries must be protected by all means, and a reasonable pace of industrial production must be maintained, to prevent stagnation.

Another reason for the shortage of funds is a price hike. According to the survey of 1,200 industrial enterprises carried out by banks, the price for procurement of the means of production in 1988 increased by 52.8 percent over 1985, and according to a calculation based on the current proportion of circulation funds occupied by industrial enterprises, 180 billion yuan is needed to maintain the original scale of production. The problem is that the increased incomes earned from price increases and appreciation of stock have not been used correspondingly in replenishing the circulation funds owned by enterprises themselves, but in investment and consumption. In 1978, the circulation funds owned by

state-run enterprises listed in plans constituted 42.5 percent of the total sum of circulation funds; in 1988, it decreased to 18 percent. This situation cannot go on. The retrenchment policy is to restrict excess demand and then reduce price. If supply of money follows the trend of price, it can only make the situation worse, and tackling inflation will become empty words. Therefore, to solve the problem of shortage of funds resulting from price increases, it is necessary to start from grasping internal rectification of enterprises. The reason for replenishing self-owned funds cannot be a reason for the relaxed supply of money.

### The Historical Lesson That Should Be Remembered

Due to the tightened supply of money at a macrolevel, big difficulties indeed have been created for production and circulation. Regarding this, we can only bear the pain in the period of rectification and strive to invigorate production and circulation. Here, it is beneficial to reflect on our country's experience in the past few years.

We lost control of the granting of loans in 1984, and in a single year we granted 26.2 billion yuan, which was more than the sum total granted in a period of 30 years before the reform. The result was that in 1985 we could not but carry out an overall tightened policy. The effect of this tightened policy could only be seen 1 year later. In 1986, industrial production fell sharply, and a panic swept across the nation. How should we formulate the monetary policy? At that moment, although there were many good ideas from the theoretical fields and the departments which carried out practical work, the decision at a macrolevel directed the economy to a road of expansion. This policy was maintained until autumn of 1987, and the price signal reminded people that the strict retrenchment policy must again be implemented, and this was the background on which the double retrenchment policy was proposed (retrench financial expenditure and loans). At that moment, the Central Bank employed the means of preparation and the means of interests and instructed credit agencies to open compulsory special deposits; up to the end of 1987, loans and currency in the whole country increased only by 19 percent, and the initial result could be seen. However, in early 1988, under the guiding thought of permitting no slide in industrial production, the principle of retrenchment was once again forgotten, and there was again a peak period during which loans were granted on big scales. In August 1988, because the exceedingly huge demands, which had accumulated momentum for several years, were rapidly pushing up the prices, there appeared a nationwide run on banks and panic buying, and various professional banks faced payment difficulties; this was the background against which the compulsory retrenchment policy was implemented for the third time in September of last year.

It is noteworthy that the failure of the previous two retrenchment policies resulted from replacing macrobalance with the growth rate of industrial production. It seems that, at that moment, the strain of thought

admitted that an excess demand indeed existed, but it did not think that such a demand was a threat, while it thought that cooling the economy was something terrible to do. This kind of "inflation-is-harmless theory" has eventually led our country's economy to the difficult period of rectification and improvement. This time, we have again come to the critical moment of implementing the retrenchment policy, and monetary policy has again faced the problem of what to choose. If we should say that the previous two retrenchment policies were characterized by retrenchment without reduction, and that the economy then still had the ability to endure lack of macrocontrol, then we can be certain that the clash as a result of lack of control this time will make further rectification and improvement more difficult.

### Article Examines Industrial Centralization

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[Article by Zhu Gang (2612 6921) and edited by responsible editor Liu Qichang (0491 0366 2490): "Strategy for the Development of Coastal Town and Township Industries in the 1990's"]

[Text] After a winding course of development and numerous hardship, the town and township industries which emerged in the coastal areas by the end of the 1970's have, within a short span of 10 years, finally become an economic pillar of China's coastal areas marked by their rapid growth. This phenomenon itself indicates that the development of town and township industries propel China's future economic development. Therefore, whenever one discusses the strategy of development in the coastal areas, he cannot but talk about strategy of the development of town and township industries.

Undoubtedly, coastal town and township industries play a decisive role in China's development of town and township industries. Such a point of view is taken because first, the distribution of town and township industries is basically consistent with the development direction of China's industries, which are concentrated along the southeast coastal region; and their output value, as well as tax and profit delivery, accounts for an absolute majority of the total amount received by China. Second, the five major development patterns that represent China's development of town and township industries, namely the "southern Suzhou pattern," the "Wenzhou pattern," the "Genche pattern," the "Chuanzhou pattern," and the "Daquzhuang pattern," were born in the coastal areas. Statistics show that China's top 20 provinces and cities that saw the most rapid development of town and township industries were from the coastal areas, except for Sichuan, which was ranked eighth. This cannot be simply an incidental distribution in the development of town and township industries. Rather, this phenomenon has profound socioeconomic causes. Therefore, it is of high importance that we should

explore a strategy for the development of coastal town and township industries in the 1990's.

After studying the development history of coastal town and township industries, one may basically divide their development into the following stages: the development gradually became thriving in the 1960's, took shape in the 1970's, and experienced a rapid development in the 1980's. Each of them were marked by its development characteristics. What about the development characteristics of coastal town and township industries in the 1990's? The conclusion of this discussion will help us make a decision on the formulation of development strategy for the coastal town and township industries in the 1990's. This is because we may find the basic way of thinking for such formulation.

I maintain that after a rapid development in the 1980's, the development of coastal town and township industries in the 1990's will reach a stage of steady development marked by an optimization of the composition of industries. This direction is determined by the following development trends of town and township industries.

#### **I. Development Trends of Coastal Town and Township Industries in the 1990's**

##### **1. The trend of outward development:**

Proceeding from the new situation of development in foreign countries, the world economy is marked by two distinctive characteristics in the 1980's. The first is that a new technological revolution came so rapidly and spread so wide that all countries had to adjust their composition of industries. The second is that the need for labor-intensive products increases endlessly, and such a need gradually is switched to countries and regions, particularly those in the western Pacific region, where the costs of labor are cheaper. Undoubtedly, this is the best opportunity for us to develop China's coastal regions, where the territory is populous and there is little arable land. Obviously, China should focus on the development of town and township industries, which have just become competitive, when taking part in the international competition and international exchange of labor-intensive industries.

Proceeding from China's new situation of economic development, there is little room for town and township industries to maneuver and survive. They are experiencing a dilemma of being drawn into competition in two respects in the domestic market. The development of the processing industry grows so rapid and the price of the means of production soars so high that the shortage of industrial resources is intensified. On the one hand, eastern China competes with western China for raw materials, energy resources and sales market; and on the other, a similar competition takes place between industries in coastal urban areas and the town and township industries. Statistics showed that because of a shortage of raw materials and energy resources, some 15 percent and 40 percent of the production capacity of town and township industries was left idle, respectively.

At the present stage, China's economy is marked by a dual economic structure in which modern industries coexist with traditional agriculture. The contradiction of industrialization and urbanization has long determined the growth of China's national economy. If there is too much a shift of surplus manpower from agriculture to the secondary and tertiary industries, China's modernization of composition of industries will be doomed. However, if we rapidly develop nonagricultural industries, we shall encounter a new problem that the productivity of nonagricultural industries in the rural areas is poor, while major industries in the urban areas have no sources for further expansion. Such a contradiction is more intensified in the coastal areas, where the territory is populous, land resources are limited, and natural resources are scarce. But what is the way out for the coastal areas? When people continue to utilize local resources and develop China's market, practices have indicated another development direction for the coastal town and township industries: to step out of China, join the international competition and international exchange, and survive and develop themselves amid the international competition.

By implementing this development strategy, we may use foreign resources to make up for our insufficient resources. We also may allocate part of China's raw materials and market to central and western China for development; whereas the coastal areas may speed up the transferring of their surplus manpower to nonagricultural industries and use their cheap labor and resources to strengthen their competitiveness in the international market. Moreover, they may open more channels to generate foreign exchange, accumulate wealth for China's development of capital-intensive and technology-intensive industries, and improve the management skills and technological level of town and township industries within a short time. Proceeding from this point of view, the outward development trend of coastal town and township industries conforms to the contemporary international adjustment of composition of industries, as well as China's need to reorganize its composition of industries. Therefore, the development of coastal town and township industries in the 1990's will be marked by an outward trend.

##### **2. The trend of improving economic results:**

Today, the coastal town and township industries are facing harsh challenges. Over the past decade, the town and township industries played a positive role in reorganizing the composition of rural industries, enhancing peasants' livelihoods, supporting agricultural constructions, bringing prosperity to the rural economy, reforming the dual economy, and so on. However, in the course of the transfer of a large quantity of surplus rural labor to nonagricultural industries, any excessive investment and excessively rapid growth will also bring new problems for the town and township industries themselves. This is mainly because the scale of investment is so large and the quality of enterprises is rather poor that



many town and township industries yield poor economic results and have insufficient reserve strength for development.

Such poor economic results were basically reflected in two aspects: First, the development of economic results is inconsistent with that of speed. Let's take Jiangsu Province as an example. Its output value of town and township industries in recent years increased by 30 percent per annum on average. While this was fast growth, its economic results declined sharply. In 1986, the province's total profits realized by town and township industries was decreased by 43.7 percent compared to the previous year. In the first half of 1987, the output value was increased by 41 percent compared to the same period of the previous year, whereas the total profits realized by them was decreased by 5.2 percent. Second, there was a dislocation of proportion concerning investment and output. To a very large extent, the development of coastal town and township industries depended on the increase in investment, in particular, the increase in investment in fixed assets. Every percent of increase in the output value of town and township industries was accompanied by a large amount of investment in terms of goods and materials. Any decrease in the quantity of investment would bring about a drop in the growth rate. The coefficient of interrelations between them was very high. What worries us is that the present proportion of investment and output is decreasing year by year. Let us take Wuxi City, where town and township industries are the most developed, as an example. Its proportion of investment in town and township industries and output by them was 1:25 in 1985. The proportion dropped to 1:1.47 in 1986. This was mainly because the scale of investment in town and township industries was so large, and the scope of capital construction was so wide, that they were basically still industries engaging in extensive development, which focused on outward development but failed to develop the contents.

The issue of having insufficient reserve strength for development was also mainly reflected in two areas: First, they indulged in short-term goals and did not have sufficient accumulation for self-development. This was mainly because they pursued immediate interests, and their level of distribution was very high, so that their growth rate of productive force and productivity were hampered. Second, their technology and management skills were very poor, and the sources of qualified personnel were highly insufficient. Though there were historical reasons contributing to such phenomenon, the short-term goals of town and township industries should share the blame.

In the wake of implementation of the central principles on consolidation, the coastal town and township industries will face more sticky contradictions, more rigid challenges, more difficulties in meeting their capital needs, and more problems in finding their raw materials and accessories. They will find it more difficult to handle changes in the market and in the keen competition

among themselves; and their inherent disadvantage concerning technology, management skills, equipment, and so on will become more prominent. How would the coastal town and township industries tackle these difficulties and develop in a healthy manner?

Generally speaking, any drastic change in the external environment often pushes an industry to make further progress and drives an enterprise to further develop. For example, Japan made a structural adjustment under the impact of an energy crisis in the 1970's. Proceeding from this point of view, the implementation of macroscopic control is just an opportune moment for the coastal town and township industries to shift their strategy. The coastal town and township industries should take a positive, rather than negative, attitude toward this change in the situation.

Proceeding from development, the development of coastal town and township industries in the 1990's should, while submitting themselves to the macroscopic control of the state, strive to improve their overall level, including that of technology and management skills, and really switch onto the track of improving their economic results. For this reason, the coastal areas must thoroughly discard the traditional way of thinking and switch their focal point of development strategy from the approach in the 1980's, which emphasized extensiveness, speed, and short-term goals, to that of the 1990's, which emphasizes concentration, economic results, and long-term goals. In other words, they should replace their development strategy, which emphasized expansion, with that of a quality improvement of better composition. They should reduce the importance of the role played by natural resources, while strengthening the influence of economic resources. They should establish a highly effective composition of industries and realize a modern and steady development of town and township industries. Thus, we can see that the improvement of economic results will be another great development trend of the coastal town and township industries in the 1990's.

### 3. The development trend of economies of scale:

Economies of scale is one of the factors that determines industrial development and export growth. During the switch of development from the dual economic structure to industrialization, the effect of economies of scale on the improvement of productivity is especially prominent. Nevertheless, the coastal town and township industries generally show the shortcoming of "small and complete" in terms of enterprise structure, and even worse is that their overall distribution is "small and scattered".

Proceeding from the size of enterprises, the town and township industries are generally small. On average, their work force was 26.4 people in 1985. Also, their original value of fixed assets was 47,800 yuan, the working capital was 37,600 yuan, and output value was 127,000 yuan. Obviously, they were small enterprises.

The problem was even worse if we proceeded from the distribution of these enterprises. They were scattered around over a wide territory, and their distribution pattern was basically that of a plantation or temple. Let us take southern Suzhou as an example. There were on average more than four town-run enterprises on each square km of land. The result of such development brought about an increase in the production cost of society and adverse results in the effectiveness of external supply. It can be said that the coastal town and township industries are still developing in a closed-door pattern and make no use of any economies of scale. None of them practice mass production in their factories or expand their scale of business.

In the 1990's, competition in the economies of scale will be another development trend of the coastal town and township industries. This is for two reasons: 1) A new pattern of market competition will enhance the strategic level of the factor of economies of scale. Reform of enterprises will begin touching on the readjustment of the profound relationship of property ownership. Relations of urban enterprises concerning assets will be gradually clarified. Dynamic mechanism will be gradually strengthened. The market pressure will be boosted. Enterprises will become more active, so that the town and township industries will face a powerful competitor. Furthermore, the appearance of national defense enterprises in the area of production of commodities for civil use will pose another threat to the town and township industries. Together with the burgeoning and flexible private enterprises, there will be a highly competitive market. Under these circumstances, the coastal town and township industries generally have a strong sense of crisis, knowing that advantages of economies of scale will be the key factor for gaining victory in the next round of competition. They therefore stress on improving their own accumulation, strengthening their increase of capital, and making arrangements for the economies of scale. 2) The rise of enterprise groups symbolizes that town and township industries are using the economies of scale as a new productive force. As urban enterprise groups rise, those backwardly distributed factors of production and the low level of specialized production skills gradually undermine the three major traditional advantages, namely cheap labor, preferential policies, and extent of freedom, available to town and township industries. Moreover, unfavorable conditions concerning wages, technology, management, and personnel will surface. Under these circumstances, the town and township industries will be forced to choose their new strategies. This means the optimization of resources, rearrangement of factors of production, and readjustment of the development of economies of scale through their capital reserves. The rise of coastal enterprise groups thus provide another opportunity for the coastal town and township industries to choose such strategies.

We have so far outlined three major development trends of the coastal town and township industries in the

1990's, namely the outward development, improvement of economic results, and the economies of scale. These three basic development trends show that the coastal town and township industries will enter into a stage of steady development, and these trends indicate that these industries will be raised to a higher plane of development in the 1990's.

## **II. References of Strategic Development of the Coastal Town and Township Industries in the 1990's**

As the development of industries is not balanced, the coastal town and township industries may be categorized as the industry level and the development level. This thus determines the difference of development strategies to be adopted in the 1990's by town and township industries at these levels.

Generally speaking, the development of coastal town and township industries in the 1980's was marked by a phenomenon that the development of industries and products, such as electric home appliances, which might yield a high profit ratio, was absent in the domestic market, and the focal point was placed on 15 industries, such as machine-building, building materials, textile, and chemical industry. The output value of these industries accounted for 95 percent of the gross output value achieved by the coastal town and township industries. Such composition of industries showed us the direction in which to optimize resources of the national economy. It was inevitable that town and township industries were heading in such a direction during the industrialization of a commodity economy. Proceeding from the economics of these industries, they, particularly the major industries, such as building materials and textile, are basically labor-intensive industries, whereas the industry level of machine-building is slightly higher. Such composition of industries is basically consistent with the quantity, quality, and wages of laborers of coastal town and township industries. Such characteristics of the composition of industries determine different development directions and specific strategies for different town and township industries. After summing up the industry level and development level of various town and township industries, we have specifically made the following as a reference for the development strategies for the 1990's to be chosen by town and township industries.

### **1. Strategy of emphasizing division of labor between urban areas and towns:**

Because of the powerful habitual force carried by the composition of traditional industries, a tendency of composition of industries similar to that encountered by urban industries will emerge among town and township industries, thereby bringing about competition at an excessively low level. In order to put an end to this unhealthy situation, the coastal town and township industries should, in the 1990's, adopt the strategy of division of labor between urban areas and towns. In other words, they should rationally practice the division

of labor, as well as coordinate and reorganize the composition of town and township industries in accordance with their favorable conditions. Specifically speaking, the following points may be adopted: First, town and township industries should back the development of urban industries when the latter are comparatively more favorable than the traditional ones. For instance, as urban industries, such as machine-building, electronics, and optical instruments, are more favorable in terms of assembly, the town and township industries should strengthen their system for the production of spare and component parts and provide a basis for the development of these urban industries. Second, a prominent position of development may be given to town and township industries in the 1990's, if both town and township industries and urban industries start developing at the same time of some new and modern industries and risky industries, and when town and township industries have the necessary conditions for such a development. Third, the town and township industries should play an active and major role in the development of some industries and products transferred to them by urban areas as a result of upgrading the composition of urban industries.

## 2. Strategy of emphasizing centralization

To achieve and accumulate economic results is an important development prospect of the coastal town and township industries. All industries that may benefit from such accumulation should unanimously adopt this strategy in the 1990's and practice regional centralization. A specific approach to this is to set up communities of town and township industries; that is, group together several enterprises of the same industry, or enterprises of similar industries, in a small region on a piece of land next to a small town. They will arrange their production by sharing the facilities and services provided by the community and share their accumulated economic results. There are two specific ways to achieve this aim: First, to geographically centralize the distribution of new factors of production; and second, to geographically rearrange the distribution of existing factors of production. This strategy, when implemented by the enterprises in question, will not only help them share their economic results and will eliminate those economic and social problems relating to the scattered distribution, but will also help town and township industries develop in a healthy manner, in addition to creating conditions for solving rural areas' problems concerning "superindustrialization with slowly progressed urbanization".

## 3. Strategy of emphasizing shareholding and merging:

This is a development strategy in the direction of reforming the system of enterprise structure. A major difficulty encountered by the coastal town and township industries in their development is the closed-door ownership by towns and townships. This is a problem to be tackled in the 1990's. The closed-door nature of such ownership has restricted transregional combination and centralization of town and township industries, thereby

undermining the advantages of economies of scale. Moreover, the distribution pattern of industries determined by it breed the regional features of town and township industries, thereby obstructing a rational circulation of factors of production. Only when we reform this large obstacle can we promote development in the town and township industries. The trend of shareholding and merging are just a development strategy to serve this purpose, and they are the better choice for solving this problem. Its implementation will eventually clarify further the property ownership of town and township enterprises and will boost their strength for long-term development.

## 4. Strategy of emphasizing quality and technological advancement:

The favorable conditions for industrial competition include cost and quality. Furthermore, quality competition is an important aspect in the contemporary industrial competition. A traditional impression on the people by the town and township industrial products is that their price is low and that their quality is below standards. This is highly unfavorable to the future development of town and township industries. In the 1990's, therefore, the coastal town and township industries should determine their quality strategy, strive to survive the competition through quality development, and take quality improvement as the key work. In order to implement this strategy, the town and township industries must spend great efforts on promoting technological advancement and strengthening the quality of the work force. In the 1990's, the coastal town and township industries should generally speed up their technological advancement and gradually enhance their industry level, on the basis of adoption of intermediate technology.

## 5. Strategy of emphasizing the economies of scale:

To some industries, such as electric home appliances, automobiles, and other durable consumer goods, which are marked by the economies of scale, this strategy should be adopted in the 1990's, so that the goal of low cost and high quality will be realized through the full utilization of the economies of scale. As a large investment sum, which may be realized by means of increasing the capital or by using the capital reserves, is required in order to make arrangements for achieving the economies of scale, the economies of scale here means the economies of scale of production by a factory as well as that of business operation by an enterprise. Proceeding from the former, a town and township industry should eliminate its short-term acts and focus on its self-accumulation. Through the use of techniques and technology for mass production, the production process becomes standardized, professional, simplified, and economical, thereby reducing the average cost and improving the product quality. Proceeding from the latter, town and township industries should, through changes in their organization structures, promote a rearrangement of factors of production and improve the level of specialized cooperation and that of socialized production in order to achieve



better economies of scale. As the present economic conditions of town and township industries prevent us from making any large-scale investment, the latter will be the major way for the town and township industries to realize better economies of scale. Therefore, in the 1990's, the coastal town and township industries should actively encourage all forms of enterprise combination, as well as the formation and development of enterprise groups.

#### 6. Strategy of emphasizing production:

To some industries such as iron and steel, coal, chemical fertilizer, agricultural chemicals, and other industries that produce the means of production, the products of which are in "shortage," the strategy of production development may be adopted. Through optimization, these industries will find the most rational resources to strengthen the production system, increase the effective supply, meet the market demand, and yield the best economic results.

#### 7. Strategy of emphasizing the international market:

Products of labor-intensive industry will still be China's most competitive and most promising export products in the 1990's. Therefore, all labor-intensive industries, particularly the garment, toy, food and drink, and electric home appliance industries, which have favorable conditions in terms of cost and international competition, and which can join the international exchange, should adopt this strategy, march toward the international market, and take part in the international competition. They may adopt all forms and ways to implement this strategy. They may encourage the following: the processing of export products with imported materials; the traditional

processing of export products with local materials; compensation trade and other forms of processing; the formation of joint ventures; and so on.

#### 8. Strategy of emphasizing production technology:

To some industries, particularly the processing of mechanical parts and electronic parts, which may be formed in the structure of mass production, this strategy may be adopted as a breakthrough point in the 1990's. The production technology here refers to the manufacturing technology that can produce low-cost and quality products on a large scale. By taking the improvement of production technology as the breakthrough point of development among these industries in the 1990's, we may find those techniques which are suitable for mass production by town and township industries, as well as ensure that the production equipment needed by such techniques is available. Thus, we can guarantee a steady product quality with a low cost and amicable production environment for the products so produced, and we will gradually realize a revolutionary breakthrough in the development level of town and township industries.

#### 9. Strategy of emphasizing sales and development:

The economies of scale do not fit this strategy, which is suitable for industries producing distinctive products. In the 1990's, these industries may product marketable goods following an in-depth study of the domestic and overseas markets and by acting in accordance with the demand. Meanwhile, they may also tap potential demand and make further progress through successive development of distinctive products.

In order to face the harsh challenges in the 1990's and to make the coastal town and township industries develop amid the keen competition, we should maintain a strong sense of urgency and crisis, take our opportunities, promptly determine the development strategies for the coastal town and township industries, and put them into practice.

### East Region

#### Shanghai Arrests Procuratorate Member for Theft

OW1611021589 Beijing XINHUA in English  
1508 GMT 15 Nov 89

[Text] Shanghai, November 15 (XINHUA)—The Shanghai Public Security Bureau has recently broken a major case involving the theft of 500,000 yuan in cash and valuables. Wang Yan, a member of the staff of the Luwan District People's Procuratorate where the theft took place, and his wife Ma Yujian have been detained in the case.

On the morning of November 6, nearly 500,000 yuan worth of renminbi (Chinese money), foreign exchange and gold ornaments were found missing from the safe of the booty room of the Luwan District People's Procuratorate. After careful investigation, public security personnel have charged Wang Yan with the crime.

Wang Yan, 25, confessed all his criminal deeds after arrest. Part of the stolen property has been recovered.

Wang's wife, Ma Yuqian, a worker at a Shanghai TV parts factory, helped Wang burn stolen time deposit certificates and bonds.

The case is still under investigation.

#### Zhejiang Tax Cadre's Killer Gets Death Sentence

HK1411151789 Beijing RENMIN RIBAO in Chinese  
9 Nov 89 p 4

[Dispatch by reporter Gao Haihao (7559 3189 3185): "An Individual Businessman in Wenzhou Is Sentenced to Death for Killing a Tax Cadre"]

[Text] Hangzhou, 8 Nov—Wenzhou Judicial Department promptly investigated and ruled on a felonious case in which an individual businessman resisted tax payment with violence and beat a taxation cadre to death. Defendant Jing Xu today was sentenced to death and permanently deprived of political rights in a final ruling by Zhejiang Provincial Higher People's Court.

On the morning of 29 October Jiang Boqing, office director of Xiaonan Financial and Tax Collection Office in Fuyuan Prefecture, Wenzhou City, went to Maanchi Agricultural Trade Market with two tax collectors to collect taxes. When the three reached Jing Xu's aquatic product stand, Jing Xu claimed that the tax amount was excessively high, shouted abuse at them, and refused to pay his tax. The three tax collectors persisted, whereupon Jing Xu dashed from his stand and assaulted one of the tax collectors. Jiang Boqing tried to stop the assault but was beaten up by Jing Xu. Jiang fell to the ground and went into a coma. He was given emergency aid, but this failed to rouse him. Jiang died in the course of performing his duty.

When the case was reported, Wenzhou City Public Security and Procuratorate Departments and the court mounted a joint operation and arrested and brought Jing Xu to justice. After an open court trial, the defendant Jing Xu was found guilty of wilful manslaughter and, in view of the seriousness of the crime, received a severe sentence.

#### Shandong Rural Areas Practice Autonomy

HK0911053389 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1239 GMT 8 Nov 89

[Report by Gu Fangdong (7357 2455 2639): "China Starts Instituting Democracy Autonomy in Rural Areas"]

[Text] Jinan, 8 November (ZHONGGUO XINWEN SHE)—Laixi County, Shandong Province has actively carried out democracy building and started instituting villagers' autonomy in its rural areas. Two years ago, Laixi County was selected by the Chinese Ministry of Civil Affairs and the Shandong Provincial Department of Civil Affairs as an area in which to institute villagers' autonomy on a trial basis. The experiences gained by Laixi County in this respect over the past 2 years have been affirmed by the higher authorities. It was also learned that the experiences of Laixi County will soon be popularized and applied on a wider scale and in more rural villages in China.

The establishment of villager's autonomous organizations is the first step toward rural democratic autonomy. Under the villager's committee, there are a villagers' congress, social security committee, civil affairs committee, cultural, educational, and public health committee, and economic committee. All the members of these autonomous organizations are now elected in a democratic way by the voters. In the past, all the members used to be appointed by the higher authorities. Now some villages have also established a village council composed of economic-minded and competent people with a strong pioneering spirit and managerial experience, who are able to put forward proposals and do things for the villagers.

The emergence of autonomous organizations contrasts sharply with the past management practice characterized by administrative orders and "eating from the same big pot."

The villagers' congress is responsible for major decision-making in the village. Like the NPC, the congress also has the power to formulate certain village rules and regulations aimed at protecting the interests and rights of villagers, setting forth some norms and restrictions on their behavior. The villagers' deputies elected in a democratic way can also participate in government and political affairs and have the power to veto the motions put forward by the villagers' committee.

The Niuxibu Village Committee in Laixi County had planned to build an office building. However, when the

motion was submitted to the villagers' congress for discussion and approval, it was vetoed by the villagers' deputies. The relevant funds were later used to build a bright and spacious two-story teaching building in the village.

According to an analysis made by some people at home, since the implementation of the responsibility system in China's rural areas, the peasants have been given more decisionmaking power in their agricultural production and operation. As a result, the peasants have also enhanced their own concept of democracy. Under such circumstances, it is unrealistic to continue to follow the past practice of administering the rural areas with administrative orders, and it is imperative to institute democratic autonomy in the rural areas.

### **Fujian Expects Record Grain Output**

OW1611141789 Beijing XINHUA in English  
0239 GMT 16 Nov 89

[Text] Fuzhou, November 16 (XINHUA)—The grain harvest in southern China's coastal Fujian Province is expected to hit 8.75 billion kilograms this year, a record figure for the province.

According to the provincial agricultural department, the harvest is expected to surpass last year's by 376 million kilograms.

The province's grain output per hectare increased by 262.5 kg in the spring harvest, 120 kg in the summer harvest and 245 kg in the autumn harvest of late rice.

The bumper harvest resulted from the province's preferential policies and measures and the application of science and technology.

## **Central-South Region**

### **Hainan Military District Studies Communiqué**

HK1411065989 Haikou Hainan Provincial Service  
in Mandarin 2300 GMT 11 Nov 89

[Excerpt] Members of the Standing Committee of the Hainan Military District Party Committee earnestly studied the communiqué of the 5th Plenary Session of the 13th CPC Central Committee, pledged their resolute support for all decisions adopted at the session and the Central Military Commission with Comrade Jiang Zemin as its core, and expressed the determination to support with action economic construction of the Hainan Special Economic Zone and push forward the building and reform of the Military District.

Pang Weiqiang, a member of the Hainan provincial party committee Standing Committee, secretary of the Hainan Military District party committee, and commander of the Military District, spoke at a study meeting: While consolidating themselves, units of the

Military District must readjust their strength and back up economic construction of Hainan Province to the hilt.

(Ding Yucai), a member of the Hainan provincial party committee Standing Committee and deputy political commissar of the Hainan Military District; (Zhen Yuqiang), secretary of the Hainan Military District Discipline Inspection Commission; and (Gan Yingyao), director of the Hainan Military District Logistics Department; pointed out: In supporting the construction of the Hainan Special Economic Zone, all units of the Military District must make long-term plans and must now do their utmost to help build the infrastructure, such as highways and power stations, and improve the investment climate. [passage omitted]

### **Hainan Holds Meeting on Foreign Investment**

HK1411121389 Haikou Hainan Provincial Service  
in 2300 GMT 13 Nov 89

[Text] The 4-day provincial meeting on introducing investment from abroad and establishing lateral ties with other parts of the country closed in Haikou yesterday. Present at the meeting were a total of more than 200 participants, including leading comrades from various cities and counties in charge of the work of introducing investment from abroad and establishing lateral ties with other parts of the country, general managers of companies directly subordinate to the province and foreign-funded enterprises, and responsible persons from the departments and bureaus concerned directly under the provincial authorities and the representative offices set up by other provinces and cities in Hainan.

Since the founding of Hainan Province, great progress has been made in the process of introducing investment from abroad and establishing lateral ties with other parts of the country. By the end of last September, a total of 762 projects run by foreign investors had been approved by the provincial authorities. The value of investment promised by foreign businessmen totaled \$630 million, while the funds that have been actually invested totaled \$200 million. More than 4,000 enterprises have been established by investors from other parts of the country and the value of investments as promised by these investors totaled more than 6 billion yuan. Funds actually invested by them in the province totaled about 1.5 billion yuan. Meanwhile, many technological items have been imported and many technical personnel have been attracted into the province, the quality of some products has been upgraded, and export trade has been expanded.

The meeting comprehensively reviewed the performance of the province in introducing investment from abroad and establishing lateral ties with other parts of the country over the past year since the founding of Hainan Province. The meeting urged everybody to: Take Comrade Jiang Zemin's National Day speech and the spirit of the enlarged meeting of the provincial party committee as the guidance for Hainan's efforts to introduce investment from abroad and establish lateral ties with other



parts of the country, this year and next; skillfully combine the operation of economic improvement and rectification with the reform and opening up; and to introduce foreign funds more actively and efficiently. As for the existing enterprises run with foreign funds, and for those operated in cooperation with investors from other parts of the country, it is necessary to strengthen administration and provide supporting services. On the other hand, it is necessary to establish and improve government organs in charge of the examination and approval of projects, to improve their work style, and to raise their operational efficiency.

Vice Governor Bao Keming delivered an important speech at the meeting. He elaborated on the importance of the policy of introducing investment from abroad and establishing lateral ties with other parts of the country as a part of the province's strategy of economy development. He put forward a guideline—it is necessary to make greater efforts to improve the environment for investment and to make steady progress in a down-to-earth manner. He specially emphasized that it is necessary to devote great efforts to improving the soft environment [ruan huan jing] while improving the hard environment [ying huan jing]. He also urged governments at all levels to strengthen leadership over the process of introducing investment from abroad and establishing lateral ties with other parts of the country, and to establish and reorganize city and county organs in charge of the examination and approval of relevant projects. All departments concerned must have their duties and their interrelations more clearly defined, Bao said. It is necessary to formulate a policy toward industries in economic development and to strengthen administration over, supervision of, and supporting services for enterprises run by foreign investors and those operated in cooperation with companies from other parts of the country.

#### **Foreign-Funded Hainan Enterprises Show Profits**

OW1311134789 Beijing XINHUA Domestic Service  
in Chinese 0503 GMT 13 Nov 89

[By reporter Xia Kaixuan (1115 0418 2467)]

[Text] Haikou, 13 Nov (XINHUA)—The number of enterprises with investment by foreign businessmen in Hainan reached 762 during the period from its establishment as a province to end of July. A considerable number of them have begun to net a profit.

These profitable enterprises are mostly engaged in the production and development of electronics, light industry, machinery, textiles, and agriculture sectors. The Nanyin Shoe Factory, which is solely owned by foreign businessmen, began construction in April last year, was put into production half a year later and has produced a total of 6 million pairs of shoes so far. The factory exported all of its products and gained a net profit of over \$1 million. According to statistics, the

earnings of all the joint ventures, cooperative enterprises, and enterprises solely owned by foreign businessmen in the province stood at \$4.5 million last year and are estimated to reach \$19 million this year.

#### **Henan Party Committee Studies CPC Communiqué**

HK1411132789 Zhengzhou Henan Provincial Service  
in Mandarin 2300 GMT 13 Nov 89

[Excerpts] The Henan Provincial CPC Committee Standing Committee held a meeting from 11 to 13 November to convey and study documents from the 5th Plenary Session of the 13th CPC Central Committee and the decisions made.

The meeting participants pledged to rally closely around the party Central Committee with Comrade Jiang Zemin as its core and to unify their thoughts in the spirit of the plenum, work with one heart and one mind, brace themselves and work properly with relation to Henan.

Comrades Yang Xizong, Cheng Weigao, Zhao Di, and Hu Xiaoyun, who attended the fifth plenary session, first conveyed the spirit of the plenary session to the meeting. All participants then earnestly studied and discussed it. They all supported the decision made at the plenum on further improving the economic environment, rectifying the economic order, and deepening the reform, noting that the decision is the guiding principle of our economic work and reflects the party's realistic ideological line in economic work. It is now necessary to make proper arrangements for study of the plenary session spirit and use this to unify the thoughts of the people of the whole province, especially of leading comrades at different levels, on: Understanding the necessity and importance of further economic improvement and rectification; firmly embracing the idea of a sustained, stable, and harmonious development as our guiding thought; correctly understanding and handling the relationship between economic rectification and deepening of reforms; and on understanding the necessity to strengthen party leadership and foster the idea of taking the entire country as a whole. Meanwhile, we analyse the current situation in a scientific way, perceiving not only the difficulties we face but also the favorable conditions and positive factors for overcoming those difficulties. As long as we earnestly work in the spirit of the fifth plenary session, we shall surely overcome the difficulties we face.

Comrades attending the meeting fully supported the plenary session decisions endorsing Comrade Deng Xiaoping's resignation from the chairmanship of the Central Military Commission, appointing Comrade Jiang Zemin chairman of the Central Military Commission, and readjusting membership of the Central Military Commission and the CPC Central Committee Secretariat. They also said: Comrade Deng Xiaoping, farsighted and broadminded, set an example in abolishing the life-long tenure of leading posts. This is of far-reaching historical significance for the building of our party and its leading bodies. They fully supported the high evaluation of Comrade Deng Xiaoping made at the

fifth plenary session, pointing out that he is worthy of being an outstanding Marxist; a staunch communist; and a brilliant proletarian revolutionary, statesman, and military strategist. [passage omitted]

They also pledged that they would earnestly study Comrade Deng Xiaoping's works, raise their level of Marxism-Leninism, and continue to advance along the road of building socialism with Chinese characteristics, which was opened up by Comrade Xiaoping. [passage omitted]

### Hubei Leaders Study Plenum Communiqué

HK1411004389 Wuhan Hubei Provincial Service  
in Mandarin 1000 GMT 10 Nov 89

[Excerpts] Last night [9 Nov], the Hubei Provincial CPC Committee organized responsible party and government comrades to listen to and watch the communiqué of the 5th Plenary Session of the 13th CPC Central Committee, and conscientiously studied and enthusiastically discussed the important decisions of the fifth plenary session.

Present at the meeting were provincial party committee Deputy Secretary Qian Yunlu and Standing Committee members Zhang Xueqi, Tian Qiyu, and Zhong Shuqiao; provincial Advisory Committee Chairman Chen Min; provincial People's Congress Standing Committee Chairman Huang Zhizhen; provincial Chinese People's Political Consultative Committee [CPPCC] Chairman Shen Yinlo; Vice Governors Xu Penghang and Han Hongshu; provincial CPPCC Vice Chairman and provincial party committee United Front Work Department head Mu Changsheng; provincial Discipline Inspection Committee Deputy Secretary Wang Chongwen; and the responsible comrades of the departments concerned.

Qian Yunlu presided over the meeting.

In their speeches, all comrades unanimously expressed their firm support for the spirit of the fifth plenary session and the relevant important decisions.

With boundless feelings of respect, the comrades talked about the everlasting great contributions Comrade Deng Xiaoping has made in various historical periods of the Chinese Revolution and construction and deeply realized that the fifth plenary session's high assessment of Comrade Deng Xiaoping represents the aspirations of the vast numbers of party members and the masses of the people. [passage omitted]

With regard to the important decision of the fifth plenary session on further improving the economic environment, rectifying the economic order, and deepening the reform, all comrades expressed their wholehearted support and were greatly inspired, considering this as a timely and important decision of our country at a crucial moment. It has great significance in ensuring the stability and sound development of the economy.

The comrades said: Taken as a whole, the current economic situation is fine. The problems are ones in the

course of advance. However, without reducing the overheated economy, the excessive scale of construction projects, and the excessively high consumption, it would be impossible for the economic construction to develop in a healthy way and thus affect political stability. Improvement and rectification do not negate reform; on the contrary, they are aimed at upholding the reform.

The comrades said: In considering its economic development, Hubei Province should take the whole country into account. It is necessary to enhance the sense of organization and discipline; reach a consensus; obey orders; and, under the leadership of the new party Central Committee with Comrade Jiang Zemin as the core, make a success of the work of improvement and rectification and the work of deepening the reform, thus ensuring the long-term, stable, sustained, and coordinated development of the economy in our province.

### Hubei Capital PLA Approves CPC Communiqué

HK1411125789 Wuhan Hubei Provincial Service  
in Mandarin 1000 GMT 11 Nov 89

[Text] Members of the PLA General Logistics Department of the Wuhan Base Command Post CPC Committee spoke glowingly of the communiqué from the 5th Plenary Session of the 13th CPC Central Committee in line with the actual conditions after they had heard it on television and radio.

Lieutenant General (Zhang Shukun), secretary of the Wuhan Command Base CPC Committee, pointed out at a discussion meeting: The decision made at the session on grasping four important links in the endeavor to improve the economic environment and straighten out the economic order is very correct. The realistic evaluation of Comrade Deng Xiaoping's outstanding service to the party and state made by the session gives expression to the common aspirations of the whole party and the people of the whole country. The newly readjusted leading collective of the Central Military Commission is of decisive significance in ensuring the party's absolute leadership over the Army. We must maintain a high degree of stability in the Army to prevent subversion and sabotage from hostile elements.

Major General (Wang Shuoyi), the Wuhan Base Command Post political commissar, said: Proceeding from the fundamental interests of the party and state, Comrade Deng Xiaoping has resigned from his present leading post while still having keen wit, good health, and he enjoys great prestige. He sets an example in abolishing the life-long tenure of leading posts, showing the broadmindedness of a great proletarian revolutionary. The whole party, the entire Army, and the people of all nationalities throughout the country take him as their model.

All members pledge their firm support to all major decisions made by the party Central Committee, rally closely around the party Central Committee with Comrade Jiang Zemin as its core, take the overall interests

into consideration, carry forward the fine traditions of plain living and hard struggle, and work hard to build our Army into a powerful revolutionary one.

**Hubei Advisory Commission Studies Communiqué**  
*HK1411105789 Wuhan Hubei Provincial Service  
in Mandarin 1000 GMT 11 Nov 89*

[Excerpt] This morning, the provincial Advisory Commission held a meeting of its members who are now in Wuhan to study and discuss earnestly the communiqué from the 5th Plenary Session of the 13th CPC Central Committee.

The meeting participants enthusiastically supported all major decisions adopted at the session and resolutely supported Comrade Jiang Zemin as chairman of the CPC Central Committee Central Military Commission and the new leading collective of the Central Military Commission. They also pointed out: The decision made by the party Central Committee on further improving the economic environment, rectifying the economic order, and deepening reforms is a most important document formulated at a crucial moment. They expressed the resolve to embrace firmly the idea of a sustained, stable, and harmonious economic development as their guiding thought and the idea of taking the country as a whole; strengthening organizational discipline; protecting the unity of the whole party; opposing selfish departmentalism and decentralism; overcoming corruption; and of uniting as one with party organizations at different levels, party members, and the masses of the whole province to overcome difficulties in the course of advance and do the province's work of economic improvement and rectification properly and in a down-to-earth manner. [passage omitted]

**Hunan Holds Conference on Wiping Out 'Six Evils'**  
*HK1411104789 Changsha Hunan Provincial Service  
in Mandarin 2300 GMT 13 Nov 89*

[Text] The State Council yesterday afternoon held a telephone conference on fighting and banning six evils, including prostitution and gambling.

After the telephone conference, Dong Zhiwen, Standing Committee member and vice governor, put forward some specific requirements on the operation against the six evils that is going on in the province. He urged party committees, governments, and all organs concerned: Strengthen leadership over this operation according to the requirements set by the State Council, the provincial party committee, and the provincial government and take effective measures and concentrate resources to fight and ban the six evils. For the present, it is necessary to intensify the propaganda campaign against the six evils, to prepare strong public opinion among the masses, and thus start an upsurge of the struggle against the six evils. On the other hand, it is necessary to attach great importance to the implementation of all supporting measures. To be more precise, we must closely combine

efforts in all aspects ranging from education to the straightening-out operation, punitive measures, and improvement of systems, and we must take both stopgap and radical measures.

The provincial meeting was presided over by Weng Hui, deputy secretary-general of the provincial government. Responsible people from the provincial court, procuratorate, Public Security Department, Federation of Trade Unions, Communist Youth League, Women's Federation, and other organizations concerned were present at the meeting. Leading personnel from the departments concerned of all prefectures, autonomous prefectures, cities, and counties heard the live relay of the meeting on the radio.

**Guangdong Handles Case of Intimidating Cadres**  
*HK1411071789 Guangzhou Guangdong Provincial Service  
in Mandarin 1000 GMT 11 Nov 89*

[Text] The provincial Discipline Inspection Commission recently issued a circular to its subordinate party organizations transmitting the notice of the Huizhou City Discipline Inspection Commission that (Wu Zhenyao) had framed and intimidated discipline inspection cadres and has been severely dealt with.

(Wu Zhenyao) was formerly deputy head of the propaganda and education section of the Huizhou Highway Bureau. Last November, having passed an examination, his wife was admitted into a college class of the correspondence course of South China Teachers' University and paid a school fee of some 1,900 yuan. (Wu Zhenyao) took advantage of his post and forged the signature of a leader to reimburse the school fee under the pretext of training a cadre. After (Wu Zhenyao's) corrupt practice was discovered, the Discipline Inspection Commission of the Huizhou Highway Bureau gave him a serious inner-party disciplinary warning. Subsequently, (Wu Zhenyao) always felt discontented and watched for his chance to retaliate upon the comrades, including (Xiao Hanping) and (Chen Jiaqu), deputy secretaries of the Discipline Inspection Commission of the Huizhou Highway Bureau that had exposed and investigated his corrupt malpractice. On 8 June this year, (Wu Zhenyao) used a piece of paper to wrap a 51-type pistol bullet, put it in an envelope, and mailed it to (Xiao Hanping), deputy secretary of the bureau Discipline Inspection Commission. At the same time, (Wu Zhenyao) wrote many letters to the provincial Discipline Inspection Commission, the secretary of the provincial Highway Bureau party committee, and the provincial Military District Discipline Inspection Commission under an assumed name or somebody else's name, inventing a story to lodge a false accusation against the comrades, including (Xiao Hanping).

Because (Wu Zhenyao's) acts of framing and intimidating the discipline inspection cadres seriously violated the party discipline and state law, with the approval of the Huizhou City Discipline Inspection Commission, the Huizhou City Highway Bureau Discipline Inspection



Commission has recently decided to punish (Wu Zhenyao) by expelling him from the party and suggesting that the judicial organ should punish him according to the law.

The postscript of this station editor on the foregoing news states that (Wu Zhenyao's) acts of inventing a story, mailing letters under an assumed name and a bullet, and framing and intimidating the discipline inspection cadres and the comrades that reported his corrupt malpractice are not permitted by the party discipline and state law. It is correct and completely necessary that the Huizhou City Discipline Inspection Committee approved expelling (Wu Zhenyao) from the party, and the judicial organ was allowed to punish him according to the law.

It is the lawful power of a citizen to report and expose the violations of discipline and the law. It is the work and duty of a party discipline inspection organ and a discipline inspection cadre to investigate and deal with the cases of violating discipline within the party according to the party Constitution and relevant regulations. Nobody shall encroach and interfere. Party organizations at all levels must vigorously support and guarantee that discipline inspection organs and discipline inspection cadres lawfully perform their duties, protect the masses' lawful power to struggle against all violations of discipline and the law, and promptly and seriously investigate and deal with the retaliatory acts when discovered.

#### **Guangdong Mayor Views Export-Oriented Economy**

*HK1411062589 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 12 Nov 89*

[Text] The following is a recorded interview with Zhuhai Mayor Liang Guangda on speeding up the development of export-oriented economy in the course of economic improvement and rectification:

[Begin recording] [Reporter] How are you, Mayor Liang?

[Mayor] I am very well, and you?

[Reporter] During the 5th Plenary Session of the 13th CPC Central Committee that has just closed, the central authorities have adopted a decision to further the process of improving the economic environment, rectifying economic order, and of deepening the reform. What is Zhuhai City going to do in response to this decision?

[Mayor] In my opinion, we must steadfastly implement this decision made by the central authorities. This is the basic way to overcome the difficulties that we are currently facing and to ensure a steady and harmonious economic development in the special economic zone. This time the central authorities have reiterated that the basic policies and measures for special economic zones and opened coastal areas remain unchanged. I think this is a great encouragement indeed to the cadres and masses in this special economic zone. Here in Zhuhai, we are making efforts to pave the way to the rapid development

of an export-oriented economy while carrying on the process of improving the economic environment and rectifying economic order. The central authorities demand that special economic zones should turn their attention abroad for funds and markets; this is the only way our special economic zones will be able to achieve higher growth. The current readjustment has had little impact on enterprises run with foreign capital, Overseas Chinese capital, and with both Chinese and foreign capital; and on enterprises which produce processed goods with supplied material, drawings and samples, and assemble goods with supplied parts. This is a convincing proof of the good situation. At present, the city's leadership and all trades are working very hard to study the overseas market, readjust our production structure, and update our equipment. We are going to concentrate our financial, material, and even technical resources that used to be dispersed with a view to developing a few key products, and we will try to give full play to the current policies practiced in the special economic zone and make the most of the excellent geographical condition of Zhuhai. We are going to enter in the international market to take part in competition. At the same time, our city party committee and government are also devoting great attention to building a clean and honest government. We think this is a question of party style and also a question concerning the environment for investment. Dishonest government and corruption may kill foreign businessmen's confidence in us. Therefore a clean and honest government is an important guarantee of smooth economic development in the special economic zone. We need to adopt the concept by which the situation in the whole country is taken into consideration all the time, increase our confidence, unite with each other, work hard, and overcome difficulties under the leadership of the CPC Central Committee and the provincial party committee so as to bring about the five changes and blaze a new trail in developing the export-oriented economy, and thus create a new economic situation in the special economic zone.

[Reporter]: Thank you. [end recording]

#### **Guangdong Extricated from Management of Firms**

*HK1311054789 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 9 Nov 89*

[Excerpts] In a circular issued recently, the provincial people's government decided to extricate itself from management of its 12 affiliated companies including the provincial Salt Industry Company.

The circular pointed out that the government will continue to have the right to exercise administrative control over the provincial Salt Industry Company, the provincial Coal Industry Corporation, the provincial United Medicine Corporation, the provincial Metallurgical Industry Corporation, and the provincial Nonferrous Industry Corporation, but it will abandon its right to manage these companies. Meanwhile, the right of

administrative control over the provincial Packing Corporation and the provincial Construction Engineering Corporation will be transferred to the provincial Economic Committee and the provincial Construction Committee. These companies will all remain business-oriented economic entities. [passage omitted]

The circular also pointed out that the provincial Administration for Township and Town Enterprises would be maintained and the provincial United Township and Town Enterprise Corporation would be disbanded. [passage omitted]

### **Guangdong City Becomes Foreign Investment 'Mecca'**

OW1311075989 Beijing XINHUA in English  
0641 GMT 13 Nov 89

[Text] Guangzhou, November 13 (XINHUA)—Bordering on Guangdong Province's Daya Bay, Huizhou City has become a mecca for foreign investment.

Business people from more than 20 countries and regions, including the United States, Japan, Italy, Federal Germany, Canada and Australia, have set up more than 400 foreign-funded enterprises in Huizhou, with an investment of 340 million U.S. dollars.

It was not until the late 1970s that some small industrial enterprises were set up in the city, and the annual output value was a mere 200 million yuan.

Now things are different. Numbers of modern highrise buildings have appeared, and many foreign-funded enterprises have been set up along the hills on the edge of the urban area, involving industries such as electronics, textiles, beverages and plastics.

More than 580 varieties of industrial products are exported to 68 countries and regions, and more than 30 enterprises in the city earn over a million U.S. dollars annually from exports.

Being a coastal city and close to Hong Kong, Huizhou has geographical advantages for the development of its export-oriented economy. The city has made great efforts to improve the investment environment: more than 100 million yuan has been invested in transportation, electricity, communications, water supply and tourism facilities.

At present, both the city's industrial output value and foreign exchange earnings have increased more than 10 times over the past ten years; foreign-oriented industrial output value accounts for 60 percent of the city's total.

### **New Guangdong Radio Station Opens 15 Nov**

HK1411131989 Guangzhou Guangdong Provincial Service  
in Mandarin 0400 GMT 12 Nov 89

[Text] Guangdong Xinwen Tai [Guangdong News Broadcasting Station], which is to be inaugurated 15 November, is going to start a special program—the

Voice of the People's Congress Deputies, dedicated to more than 100,000 deputies to people's congresses at all levels in Guangdong.

Interviewed by a reporter from Guangdong Provincial Service, the chairman of the provincial People's Congress standing committee, Luo Tian, said: A well-run Voice of the People's Congress Deputies program will be of positive value to the implementation of the party's basic line and the guideline laid down by the 5th Plenary Session of the 13th CPC Central Committee; to the further improvement of the system of people's congresses; to the development of socialist democracy, the legal system, and the two civilizations in the province; and to the normal operation of the government, the courts, the procuratorate, and other departments concerned.

The main goal of this program is to reflect opinions and suggestions made by deputies to people's congresses at all levels and the wishes and demands of the masses. The program is to be aired from 1210 to 1230 hours every Saturday. Any articles contributed by deputies to people's congresses should be directly sent to the Voice of the People's Congress Deputies, the Guangdong People's Broadcasting Station. The telephone numbers of the person in charge of the program are 678011, 662457, and 662723, extension 526.

### **Guangdong Reaps Late Autumn Bumper Harvest**

HK1411064989 Guangzhou Guangdong Provincial Service  
in Mandarin 0400 GMT 12 Nov 89

[Text] This reporter has learned from the provincial department concerned that Guangdong Province is now getting into the full swing of the late rice harvest. By yesterday, the province's late rice harvest area has amounted to 12.3 million mu, which accounts for 50 percent of the total area of paddy fields to be harvested in the province. This harvest season's average per-mu yield is 328 kg, an increase of 38.5 kg over the same period of last year.

### **Guangxi Leaders Support Plenum Communique**

HK1411055589 Nanning Guangxi Regional Service  
in Mandarin 1100 GMT 11 Nov 89

[Excerpts] Yesterday morning, leaders of the regional party committee, the regional Advisory Commission, the regional People's Congress, the regional government, the regional Chinese People's Political Consultative Conference Committee, the regional Discipline Inspection Commission, and the Guangxi Regional Military District gathered at the meeting hall of the regional party committee to study earnestly the communique of the 5th Plenary Session of the 13th CPC Central Committee. On this occasion, they pledged firm support for the decisions made by the fifth plenary session on further improving the economic environment, rectifying the economic order, and deepening the reform; endorsing Comrade Deng Xiaoping's resignation from the chairmanship of

the CPC Central Committee Military Commission; readjusting the line-up of the Central Military Commission; and making Comrade Yang Baibing a member of the CPC Central Committee Secretariat. [passage omitted]

Party, government, and Army leaders of the region pledged that they would earnestly study and implement the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and take them as the guiding thought to do even better in all fields of work in Guangxi.

#### Guangxi Reports Bumper Hybrid Rice Harvest

OW1411093589 Beijing XINHUA Domestic Service  
in Chinese 0700 GMT 13 Nov 89

[By reporter Lai Yuzhang (6351 3768 4545)]

[Excerpt] Nanning, 13 Nov (XINHUA)—The 7.9 million mu of hybrid rice planted in Guangxi Zhuang Autonomous Region this year has yielded a bumper harvest. The hybrid rice, called "zaozhiwanyong" [2483 0455 2519 3938], increased the per-mu yield by more than 50 kg. Thus, this variety alone has added 400 million kg of rice to the output of the region's late crops this year. [passage omitted]

### North Region

#### Beijing Exports High-Tech Products

OW1511215289 Beijing XINHUA in English  
1112 GMT 15 Nov 89

[Text] Beijing, November 15 (XINHUA)—The Beijing hi-tech industrial area exported more than 26 million U.S. dollars worth of hi-tech products between January and October this year.

The experimental area is China's first for the development of hi-tech and new industries. Established in Zhongguancun on the western outskirts of the city last May, it is concentrating mainly on the development of foreign-oriented businesses.

Some of its big enterprises have set up representative offices in the United States, Japan, East Europe and Southeast Asian countries.

Businessmen from more than 20 countries and regions have begun talks with the companies in the area on cooperation in electronic information, bio-engineering, environmental science and new materials. Thirty-two joint-ventures have started business.

The super-micro-computers and Chinese-English typewriters turned out by companies of the area are recognized on the world market for their quality.

At Beijing's first international fair in July this year, 82 enterprises from the area won 48 gold medals, 52 silver medals and 32 bronze medals for their quality products, ranking first among all the participating countries.

#### Hebei Secretary Visits Capital, Speaks on Economy

SK1411063989 Shijiazhuang HEBEI RIBAO  
in Chinese 28 Oct 89 p 1

[Text] Xing Chongzhi, secretary of the provincial party committee; Yue Qifeng, provincial governor; Chen Yujie, Standing Committee member of the provincial party committee; and Song Shuhua, provincial vice governor, visited Shijiazhuang City on the afternoon of 27 October. After hearing work reports, they pointed out that it is necessary to evaluate the current economic situation correctly, greatly advocate the spirit of plain living and hard struggle, unite as one to overcome difficulties, and stabilize the economy further.

After hearing the work reports given by Li Haifeng, secretary of the Shijiazhuang City party committee, and Luo Zhiling, mayor of Shijiazhuang City, leading comrades of the provincial party committee and government fully affirmed the work achievements scored by the new leading bodies of the Shijiazhuang City party committee and government in the past year and more. They said: Encountering the new situation of improvement and rectification, such serious difficulties as shortages of energy resources, raw materials, and funds and a market slump, and particularly the severe test created by the turmoil, the new leading bodies of Shijiazhuang City have exerted great efforts to carry out very arduous work and have achieved new developments in the work of the various fields. This showed that the leading bodies and party organizations at various levels of Shijiazhuang City are combat effective and have worked with concerted and utmost efforts.

Leading comrades of the province spoke on their views on ways to evaluate the current economic situation. Xing Chongzhi said: The endeavor of improvement and rectification has yielded initial results over the past year, but its tasks remain very arduous. In the first half of next year, we may meet more contradictions and greater difficulties. The most important work is to prevent an economic decline. To develop the economy, we should unswervingly carry out the endeavor of improvement and rectification. Only when this endeavor is successfully carried out can it provide better conditions for reform and economic development. Yue Qifeng said: The current economic situation is generally in good shape. The inordinately high industrial growth rate has declined, the scope of fixed asset investment has been curtailed, commodity prices have dropped notably, and savings deposits have greatly increased. A market slump is also an effect of the initial results yielded by the endeavor of improvement and rectification in the past year. However, bad news has accompanied good news. Many contradictions still exist at present, the most conspicuous one being the shortage of funds, which can be eliminated only through continuous efforts in improvement and rectification.

Leading persons of the provincial party committee and government spoke on their views on ways to overcome such difficulties as a funds shortage and a market slump



and further stabilize the economy. Xing Chongzhi stressed: The most important work at present is to greatly advocate the spirit of plain living, hard struggle, and pioneering a cause through thrift and hard work; and establish, among cadres, party members, and ordinary people, a common practice of unity, plain living, hard struggle, and wholeheartedness in developing a cause. As a fine tradition of our party, plain living and hard struggle are still needed in the new historical period. He said: We should comprehensively understand the meaning of plain living and hard struggle, which imply not only an austere life instead of lavish wining and dining, but also the spirit of pioneering a cause through thrift and hard work in thinking, work, and work styles. In carrying out work, we should face up to the difficulties and have the spirit of conquering all difficulties. We should firmly foster the concept of respect for the masses, go deep into the grass roots and the masses, rely on the masses, truly carry out practical work for them, share the same fate and breathe the same air with them, and maintain the party's ties with them, which are as close as flesh and blood and as fish and water. He said: Over the past few years, some comrades have weakened their sense of respect for the masses, and have done little to go deep into the grass roots and the masses. Now we should greatly advocate the practices of plain living, hard struggle, and going deep into the masses and should greatly commend the comrades who do a good job in this aspect. He also exhorted leading comrades of Shijiazhuang City to show concern for the livelihood of the masses and regard it their own duty to solve the problems in the people's livelihood. Yue Qifeng said: In the current situation in which difficulties are numerous, we should pay particular attention to unifying our thinking and arousing our spirit. He said: Because plant directors and managers have many misgivings at present, they should thoroughly study the documents of the 4th Plenary Session of the 13th CPC Central Committee and Comrade Jiang Zemin's National Day speech, comprehensively understand their essence and use them to unify their thinking, and eliminate their misgivings. Second, [as published] they should rely on the working class wholeheartedly and mobilize the masses of workers to overcome difficulties together. Third, [as published] they should seize the current opportunities to improve their levels and qualities, adjust product mix, tap the potential for enterprise management, and exercise management in a flexible manner. They should persist in and improve the enterprise contracted management responsibility system and eliminate such defects as myopic behavior and unfair distribution. Enterprise directors and party secretaries should coordinate their respective roles as the center and core and make a success of their enterprises together. Necessary regulations should be formulated to standardize the necessary parties for normal economic exchanges. Song Shuhua said that to stabilize the economy, we should first stabilize policies. Xing Chongzhi stressed: We should correctly understand the need to stabilize policies. Basic policies should be stabilized, but should also be improved continuously in the process of implementation. We should not regard the

continuous improvement as "changes." Speaking on fund shortages, Song Shuhua said: We may attend to two aspects of work. On one hand, we may raise or borrow some funds; and on the other, strive to dispose of the overstocked goods through all possible means.

#### Hebei Leader Attends Bethune Commemoration

OW1411092789 Beijing XINHUA in English  
0225 GMT 14 Nov 89

[Text] Shijiazhuang, November 14 (XINHUA)—People from all walks of life in Hebei Province gathered at the Norman Bethune International Peace Hospital Monday morning to commemorate the 50th anniversary of Dr. Norman Bethune's death.

Dr. Bethune was born to a clergyman's family in Canada on March 3, 1890. Sent by the communist parties of Canada and the United States, Dr. Bethune led a Canadian-American medical team to China to help the Chinese people in their war of resistance against Japan. While operating on a wounded soldier, Dr. Bethune cut his finger. He died of the resulting infection on November 12, 1939.

The Communist Party secretary of Hebei Province, Xing Chongzhi, and the late Dr. Bethune's close friends, including Lu Zhengcao and Wei Chuantong, attended the gathering. A group of ten from the Canadian-Chinese Friendship Association, headed by Mrs. Phillips, was also present.

Hebei Province is the place where Norman Bethune worked. He died in the province's Tangxian County and was buried there. In 1952 his remains were moved to the North China Martyrs' Mausoleum in Shijiazhuang, and the Bethune International Peace Hospital, was built nearby.

#### Inner Mongolia's Wang Congratulates Magazine

SK1511032289 Hohhot NEIMENGGU RIBAO  
in Chinese 24 Oct 89 p 1

[Excerpt] A rally to celebrate the 10th anniversary of the resumption of the publication MENGGU YUWEN [MONGOLIA LANGUAGE] was held in Hohhot a few days ago. Wang Qun, Bu He, Zhang Dinghua, Qian Fenyong, Batubagen, and other leading comrades wrote inscriptions for the magazine one after another to express congratulations.

The inscription of Comrade Wang Qun reads: "Run MENGGU YUWEN well and strive to safeguard the unity and solidarity of the motherland and promote equality, mutual aid, and common prosperity among the people of various nationalities."

MENGGU YUWEN is a comprehensive publication in the Mongolian language run by the Mongolian Language Work Committee of the Inner Mongolia Autonomous

Region. It first began publication in July 1954 and resumed publication in July 1979, after a period of suspension.

The specific task of this magazine is to publicize and implement the party and the country's principles, policies, and laws; and to decree national language work, exchange experiences, give guidance to the work, enliven Mongolian language academic research, and promote the standardization of the Mongolian language. Since its resumption of publication 10 years ago, MENGGU YUWEN has inherited and promoted the fine traditions of the past, strictly and earnestly carried out the work in line with the reality of the Mongolian language work during the new period, and achieved certain results. It has made some contributions toward safeguarding unity and solidarity of the motherland and promoting equality, unity, and common prosperity among the people of various nationalities. During the period of July 1979 to July 1989, a total of 80 issues were distributed and 1,355 articles were published. [passage omitted]

### **Shanxi Province Records Bumper Harvests**

*OW1411102889 Beijing XINHUA in English  
0912 GMT 14 Nov 89*

[Text] Taiyuan, November 14 (XINHUA)—Production of grain and cotton and peasants' per capita income in China's Shanxi Province topped their highest levels in history.

Statistics show the total grain output reached 8,791 million kg, up 7.4 percent from the previous year. And cotton output amounts to 95 million kg, 9.2 percent higher than in 1988. Peasants' net per-capita income has for the first time surpassed 500 yuan (about 135 U.S. dollars). The province also set new records in fruit, egg and fish production.

Experts attribute the bumper harvests to the increased input, including investment, new technology and increased seeded area.

### **Tianjin Reports Increased Exports**

*SK1511072789 Tianjin City Service in Mandarin  
0000 GMT 28 Oct 89*

[Summary] During the first half of 1989, Tianjin Municipality showed a sharp increase in imports and a decrease in exports. After entering the second half, it has fostered a trend of gradual decrease in imports and of steady increase in exports.

According to statistics, the total volume of imports and exports in the 3d quarter of this year reached \$611.75 million, a 12-percent increase over the same period of 1988. Of this volume, that of imports reached \$202.71 million, a 3-percent increase over 1988; and that of exports reached \$409.04 million, a 17-percent increase over 1988.

During the 3d quarter, the municipality somewhat showed an increase in the business volume of trade with the United States, Canada, Australia, and the EEC; as well as scored a large-scale increase in the trade with the Soviet Union and eastern Europe. The total value of trade with the Soviet Union showed a 5.4-fold increase over the same period of 1988.

## **Northwest Region**

### **Gansu Secretary Presides at Plenum Discussion**

*HK1411131789 Lanzhou Gansu Provincial Service  
in Mandarin 1030 GMT 13 Nov 89*

[Excerpt] The provincial party committee Standing Committee today held an enlarged meeting to convey the spirit of the 5th Plenary Session of the 13th CPC Central Committee.

The meeting was presided over by provincial party committee Secretary Li Ziqi, at which he and Governor Jia Shijie conveyed the spirit of relevant documents from the fifth plenary session.

Li Ziqi pointed out: The 5th Plenary Session of the 13th CPC Central Committee was an excellent meeting which pooled the wisdom of the whole party, fully developed a democratic style of work, summed up the experiences and lessons in our economic work in a scientific way, and displayed a high degree of unity in the whole party from start to finish. It was a gratifying meeting of unity and victory.

Speaking on implementing the plenum spirit, Li Ziqi emphatically pointed out: We must correctly analyse the current economic situation. We must not only fully affirm the achievements we have made but also properly understand the difficulties we face. At the same time, we must realize that the major things giving rise to the present difficulties are a concentrated reflection of various kinds of problems emerging during the past few years. We must turn the pressure from market into motivation. He said that we have the following favorable conditions for surmounting difficulties. 1) We are improving the economic environment and straightening out the economic order while our economy is developing. 2) Our enterprises now have more vigor and vitality than before and a certain degree of ability to develop themselves. 3) We have some experience in overcoming difficulties. And 4) We have strong party leadership and enjoy the superiority of the socialist system.

Li Ziqi continued: As long as we unite as one, brace ourselves, and rally closely around the party Central Committee with Comrade Jiang Zemin as its core, we shall certainly ensure a coordinated, stable, and sustained economic development. [passage omitted]

### **Gansu Authorities Seek Foreign Investors**

*HK1411022589 Lanzhou Gansu Provincial Service  
in Mandarin 1030 GMT 11 Nov 89*

[Text] In order to step up the process of opening Gansu Province to the outside world and to attract more foreign businessmen to start investment projects in the province, the provincial authorities recently formulated a set of preferential methods to encourage foreign investment.

Interviewed by a reporter of this broadcasting station a couple of days ago, the responsible person of the department concerned said: The preferential methods mainly consist of the following points: Priority will be given to enterprises run by foreign investors with regard to the acquisition of land; foreign investors running projects in Gansu will be exempt from payment of charges for the use of land within a varying period, according to the circumstances of each case; and all foreign investors running cultural services, education, scientific research, medical services, social welfare, communications, and mining facilities in the province and those who establish enterprises in remote areas will be exempt from payment of charges for the use of land. The preferential methods stipulate that foreign investors can lease plots of land or acquire by contract the right to reclaim barren land; that the period of the right's validity to use plots of land acquired in this way can be up to 50 years; and that the right to use land can be transferred according to the law.

The responsible person also disclosed that all projects started by foreign businessmen in the province, within the limit of scale set by the state for investments in fixed assets, will enjoy priority in obtaining approval, and these projects will be listed in Gansu Province's economic development plan. Preferential treatment will be given to them in terms of the supply of energy and raw and processed materials, the granting of circulating funds, communication and transport facilities, the installation of equipment, and facilities for capital construction. Also, enterprises run by foreign investors will enjoy full decisionmaking power.

The responsible person said: With the approval of the authorities concerned, the income tax paid by enterprises run by foreign investors can be partly or fully refunded if these enterprises are faced with financial difficulties that can be verified.

The province will reward intermediaries who have played a part in attracting foreign businessmen to invest in the province.

### **Gansu Secretary Comments on Rural Development**

*HK1411024389 Lanzhou GANSU RIBAO  
in Chinese 27 Oct 89 p 1*

[Report from Dingxi by correspondent He Yan (3109 1750): "Li Ziqi Stressed Adhering To the Basic Path and Concentrating on Solving the Problem of Food and Clothing"]

[Text] While carrying out investigations and studies in Dingxi County from 23 to 25 October, Li Ziqi, secretary of the provincial party committee, emphasized that agriculture is the foundation for economic, political, and social stability. The whole party must attach great importance to this, and the main leading comrades at various levels must lay the stress on rural work and agricultural production. In order to shake off poverty and get rich by promoting production, it is necessary to adhere to the basic path and concentrate our efforts on solving the problems of instability and unbalanced development so that the nearer targets can be realized.

Dingxi County and Dingxi Prefecture have been doing a good job in rural work over the past few years. They have achieved a steady growth in agricultural production and a steady advance in various work. They reaped a good harvest in grain production, the second highest in history, and have done a good job in farmland capital construction, tackling production problems in a comprehensive way, storing grain and oil, and family planning. They have also made new headway in the building of spiritual civilization. After fully affirming their achievements, Comrade Li Ziqi said: Practice proves that Dingxi, which has a history of being a dry and poor area, can find a way out. At present, it is necessary to firmly follow the basic path that has been built in the past few years and continue to make great efforts to improve basic production conditions. It is necessary to endeavor to solve the problem of instability. In those areas where there are greater difficulties, it is necessary to concentrate efforts on helping the poor so as to gradually solve the problem of unbalanced development.

In a conversation with cadres and peasants who were building terraced fields, Comrade Li Ziqi pointed out: On the question of adhering to the basic path, all townships and villages must proceed from their realities, suit their measures to local conditions, and give full play to their superiority in natural resources. In dry mountain areas, there is more land and thicker soil. This is also a major advantage. They must make full use of their land resources and strive for greater development in this field. Farmland capital construction must be continued and speeded up for the next 5 to 10 years, and its quality must also be increased. On barren hills and slopes, more grass and trees should be grown, and economic forests should be developed. By doing this, not only will the ecological environment be improved, but also grain production will be increased, a diversified economy will be promoted, and better economic results will be achieved. When crops farming is promoted, animal husbandry and the processing industry will also be promoted.

When talking about the establishment of a service system for agricultural production, Comrade Li Ziqi said that this is an urgent task in promoting agricultural production and is very important in deepening rural reforms, as well. While making further efforts to stabilize rural policies and improve various forms of the contract responsibility systems with payment linked to output, it



is necessary to effectively improve the services in various fields, especially in agricultural sciences and technology and farm machinery. It is necessary to continuously and vigorously carry out the contract system in the science and technological field. Some agricultural technologies, such as dryland crops cultivation technology, plastic sheet technology, and the application of fertilizer, should be further popularized. Comrade Li Ziqi spoke highly of the ideological and political education activities carried out by Dingxi Prefecture, which were chiefly aimed at learning from Lei Feng. He said that this was an effective step in strengthening ideological and political work, giving play to the superiority of the political work of our party and building socialist spiritual civilization. He hoped that this activity could be more extensively and profoundly carried out, not only in schools and in the cities, but also throughout the entire society and in the large rural areas. It is necessary to sum up our experiences, set good examples, and increase our political level so that we can blaze a new trail in ideological and political education.

#### **Qinghai Meeting Studies Plenum Communique**

HK1411140789 Xining Qinghai Provincial Service  
in Mandarin 2300 GMT 13 Nov 89

[Text] Yesterday [13 November] morning, the Qinghai Provincial CPC Committee held an enlarged Standing Committee meeting at which Yin Kesheng, CPC Central Committee member and provincial party committee secretary, and Jin Jipeng, provincial party committee deputy secretary and vice governor, relayed the spirit of the 5th Plenary Session of the 13th CPC Central Committee.

In relaying the spirit, Comrade Yin Kesheng said: To maintain the stability of the state and to concentrate on the study and solution of economic problems, the Fifth Plenary Session of the CPC Central Committee not only produced important and far reaching effects on the development of the current and future political and economic situation of our country but also played an important part in our party's persistently holding aloft the socialist flag in the international communist movement.

While talking about how to understand and master the spirit of the Fifth Plenary Session of the CPC Central Committee, Comrade Yin Kesheng said:

1. It is necessary to correctly understand the current economic situation. We must both fully affirm the achievements and accurately estimate the difficulties. Only by practically, realistically, and fully affirming the achievements can we strengthen our confidence in overcoming the difficulties and inspire our enthusiasm for advancing. We must profoundly understand the reasons behind the present difficulties, correctly handle some new problems arising in the course of improvement and

rectification, and fully understand the favorable conditions for overcoming the difficulties. We also must strengthen our confidence in improvement and rectification.

2. It is essential to profoundly understand the problems of maintaining continuous, steady, and coordinated economic development. In the economic development of our country, becoming divorced from the national conditions and being overanxious for quick results has been the most important lesson over the past 40 years. We must firmly remember that we cannot be overanxious for quick results in three aspects: We must firmly establish the idea of continuous, steady, and coordinated development and must continuously stabilize the national situation, and guarantee the complete implementation of the CPC Central Committee's decision on further improvement and rectification and on deepening reform to create conditions for continuous, steady, and coordinated economic development in the 1990's. We must correctly handle relations between the speed and economic results. We must pay attention to maintaining the stability and continuity of the policies and stabilize ideology, the policies, and the ranks of cadres.

3. On the issue of implementing the policies of improvement and rectification and of deepening reform, it is imperative to unify our understanding. The Fifth Plenary Session of the CPC Central Committee reached a new consensus of understanding the relations between improvement and rectification and deepening of reform; clearly and definitely put forward the timing, aims, and important links of improvement and rectification; clearly and definitely proposed that improvement, rectification, and deepening of reform should be carried out for continuous, steady, and coordinated economic development; clearly and definitely put forward the key points of deepening reform; and clearly and definitely proposed that in perfecting and deepening reform, special attention should be paid to maintaining the stability and continuity of the policies.

4. It is necessary to strengthen party leadership and to guarantee implementation of the decision.

In dealing with the preliminary views on relaying and implementing the spirit of the Fifth Plenary Session of the CPC Central Committee, Yin Kesheng said: Relaying and implementing the spirit of the Fifth Plenary Session of the CPC Central Committee is now, and will be for a certain period in the future, our important task. According to the demands of the central authorities, and in light of the realities of our province, we must seriously and properly grasp it. In comparison with the decision, and in the light of the realities of our province, we must put forward our views and measures for implementation. We must step up propaganda work. Propaganda organs at all levels and mass media must do the following: Adhere to the spirit of being stable and going all out and in coordination with the work of improvement, rectification, and deepening reform as a whole; do well in organizing publicity of the economic situation

and economic policies vigorously, prudently, and methodically; make more reports on the experiences in solving difficulties; and emphatically publicize that it is necessary to live a hard life for a few more years.

Provincial advisory commission Standing Committee members, provincial discipline inspection commission secretaries, the provincial people's congress chairman and party-member vice chairmen, vice governors, advisers, provincial Chinese People's Political Consultative Conference party-member vice chairmen, responsible people from the provincial military district and PLA units stationed in Qinghai, and leading comrades of units concerned, all attended the conference as non-voting delegates.

#### **Xinjiang Party Committee Discusses Communiqué**

*HK1411025689 Urumqi Xinjiang Regional Service  
in Mandarin 1230 GMT 10 Nov 89*

[Excerpts] The regional party committee Standing Committee held an enlarged meeting to conscientiously study and discuss the Communiqué of the 5th Plenary Session of the 13th CPC Central Committee. The participants decided on the following: to resolutely support the two decisions made by the plenary session, to speak highly of the outstanding contributions Comrade Deng Xiaoping has made to our party and state, and to be determined to rally closely around the party Central Committee with Comrade Jiang Zemin as the core; to carry forward the glorious spirit of being self-reliant; to start an undertaking through arduous effort; to share weal and woe, sparing no effort to overcome temporary difficulties; and to constantly push forward the region's socialist construction program.

In their discussion, all the comrades pointed out: Comrade Deng Xiaoping is universally acknowledged by the people of all nationalities of our country as an outstanding leader who enjoys high prestige. In all stages of revolution and construction, he has made major contributions. [passage omitted] Revolutionary practice over the past several decades shows that Comrade Deng Xiaoping has proved himself to be a prominent Marxist, a steadfast communist, an outstanding proletarian revolutionary, politician, and strategist, and a long-tested leader of our party, country, and army. The fact that Comrade Deng Xiaoping has served a good example by

withdrawing from the central leading post is of great significance to the abolition of the life tenure for leading cadres. The series of viewpoints and theories which Comrade Deng Xiaoping has put forward in line with the principle of integrating Marxism-Leninism with the reality of the Chinese revolution are an important component part of Mao Zedong Thought, which takes over and develops Mao Zedong Thought under the new historical condition. We should conscientiously study Comrade Deng Xiaoping's works so that they can play an important guiding role in the four modernizations program in the future.

In their discussion, all the comrades touched on the reality in the region. They unanimously agreed: The decision approved by the 5th Plenary Session on further improving the economic environment, rectifying the economic order, and deepening the reform is of great importance in overcoming the current economic difficulties and achieving the sustained, stable, and coordinated development of the national economy. Taken as a whole, the current economic situation in our region is fine, but there are also some difficulties. But they are difficulties in the course of advance and are temporary ones. We should work out specific measures for improving the economic environment, rectifying the economic order, and deepening the reform in line with the central decision. In economic work, improvement of economic results should be put in the first place. Vigorous efforts should be made to readjust the production structure. It is especially necessary to use great resolve and put in a lot of effort to continuously develop agricultural and animal husbandry production in order to ensure the stable growth of grain, cotton, oil-bearing crops, meat, and other major agricultural and sideline products. Meanwhile, further efforts should be made to grasp transport and energy construction and advance the drive to increase production and practice economy, and to increase revenue and reduce expenditure so that the national economy can develop in a sustained, stable, and coordinated way. [passage omitted]

Regional party committee Deputy Secretary Amudun Niyaz presided over the enlarged meeting of the standing committee today. Present at the study and discussion meeting today were members of the regional party committee standing committee and principal responsible comrades of the regional advisory committee, discipline inspection commission, People's Congress, government, and Chinese People's Political Consultative Committee.

**Foreign Ministry Spokesman Remarks on El Salvador***OW2311034189 Taipei CNA in English  
0305 GMT 23 Nov 89*

[Text] Taipei, Nov. 23 (CNA)—The Government of the Republic of China [ROC] Wednesday expressed its regrets over the El Salvadoran situation that has resulted from military attacks launched by left-wing guerrillas.

Chen Yu-chu, spokesman for the Ministry of Foreign Affairs [MOFA], said that with the assistance of such communist countries as Cuba and Nicaragua, the left-wing guerrillas had launched large-scale military attacks on San Salvador, the Salvadoran capital, and other major cities in an attempt to forcibly subvert the legitimate government. The attacks killed many unarmed civilians.

Chen pointed out that the atrocities committed by the Salvadoran guerrillas had been strongly condemned by people all over the world.

"I also regret and condemn the Salvadoran guerrillas' brutal action," the Foreign Ministry spokesman said.

"We believe that under the able leadership of Salvadoran President Alfredo Felex Cristiani, peace, security and prosperity will be restored soon in El Salvador," Chen said.

Meanwhile, the Ministry of Foreign Affairs denied a foreign wire report that the Republic of China Embassy in San Salvador had been occupied by Salvadoran leftist guerrillas. All embassy staff members are safe, the ministry said.

The American Cable News Network (CNN) reported in its TV news casts that the ROC Embassy in San Salvador has been occupied by the guerrillas. The CNN report caused deep concern at the Ministry of Foreign Affairs, which immediately cabled its overseas missions to try to contact the ROC Embassy in San Salvador.

The Miami office of the Coordination Council for North American Affairs was finally able to contact Chinese Ambassador to San Salvador Shen Jen-piao.

According to Ambassador Shen's report, the ROC Embassy in San Salvador has not been occupied by the guerrillas and all staff members were safe. However, the area around the embassy, the ambassadorial residency and the staff housing area had become a battle field and the only access to the outside was by telephone, MOFA said.

MOFA said that Ambassador Shen had ordered all staff members to stay at home and wait for further instructions.

**Official Rejects Draft Mainland Relations Law***OW2011032289 Taipei CHINA POST in English  
14 Nov 89 p 14*

[Text] A government spokesman yesterday said the mainland-Taiwan relations law drafted by a mainland Chinese research institute is "a cover for the Communist Chinese united front tactics, using the name of a law."

The first government official to respond to the relations law, Liao Cheng-hao, deputy director general of the Government Information Office, said the tone of the mainland law is typical of those of the united front tactics employed by the Chinese Communists.

"United front tactics" refer to Peking's attempts at reunification using "one country, two systems" a proposal that has been firmly rejected by the ROC government.

The 37-clause "Laws Governing Relations Between the Mainland and Taiwan" was revealed at a press conference Sunday by six scholars and a legislator studying mainland relations.

According to the scholars, the law was sent by facsimile to Taiwan on Oct. 31, and the drafting work began this August after a delegation of Taiwan lawyers visited the mainland and proposed that the two sides form a mediation company to handle disputes between people on either side.

The draft law states it was written to promote China's peaceful reunification and to protect the interests of people on either side. Main points of the law include giving Taiwan residents living in the mainland the right to vote in office, allowing people from either sides to visit families, and the exchange of aviation, trade, mail and cultural or sporting activities, and counting the second marriages of people from both sides of the Taiwan Strait as legal if such marriages were caused by long separation.

Liao Cheng-hao said the phrase "peaceful reunification" itself is used in the terminologies of the Chinese communist united front tactics.

He said the exchange of aviation, trade, mail and other cultural or sports activities are the cliches of the so-called "three communications and four exchanges," parts of the united front tactics employed by the Chinese communists.

"They simply use the law to package their attempt to sell their united front ploy," Liao noted.

He said only when the Chinese communists give up communism, adopt democracy, freedom and equal distribution of wealth will the two sides of the Taiwan Strait naturally reunite.

"Reunification cannot be achieved simply through a mainland-Taiwan relations act," Liao said.



Liao's view concerning the promotion of the "three communications and four exchanges" was shared by local scholars and mainland relations experts, according to the local press.

Ma Ying-jeou, executive secretary of the Cabinet-level task force on mainland Chinese affairs, yesterday compared the mainland version of the bilateral law with the "Temporary Rules Governing Relations Between People Across the Taiwan Strait" which was drafted by the task force in January this year.

"The temporary rules do not include the issue of the reunification of China because the issue itself is a constitutional problem that calls for a higher level of discussion," Ma said.

Ma, however, admitted that the temporary rules are not perfect and need revision, but emphasized that "national security was the first priority when the rules were drafted."

Ma said his task force will study the mainland law carefully and compare it with the rules. If there are constructive points in the mainland law, the task force will consider including them in the temporary rules. "This is the practical attitude that the task force holds," Ma noted.

Ma also said basically, the mainland law is aimed at promoting the Chinese communists' "one country, two systems," and their "three communications and the four exchanges."

#### **Article Considers General Hau Appointment**

HK2111042989 Hong Kong SOUTH CHINA  
MORNING POST in English 21 Nov 89 p 10

[By David Chen]

[Text] The appointment of Taiwan's chief of staff, General Hau Pei-tsun, to be Defence Minister could bring new conflicts and could see the rising influence of the military in the cabinet headed by Prime Minister Lee Huan, Beijing analysts said.

The new assessment followed earlier euphoria on the island, particularly in the local press, that General Hau, Taiwan's military strongman, was finally "retiring" from the armed forces.

Beijing analysts felt that far from being the case of his losing his power, General Hau has actually retained much of his influence, as many of his associates are still firmly entrenched and some have even been promoted to important and sensitive positions in the military.

Although he has failed in proposing one of his close associates, General Chiang Po-long, to succeed him as chief of staff, he has managed to persuade President Li Teng-hui to appoint another associate, deputy chief of staff General Chao Chi-yuan, as commander of the air force, a military arm that is growing in importance.

A secondary reshuffle is also under way and many of General Hau's associates are expected to take up key positions, analysts said.

As Defence Minister, General Hau will have the opportunity to exercise his influence in the Government. This could seriously alter the workings in the cabinet.

Since his appointment as Prime Minister, Mr Li Huan, a confidant of the late President Chiang Ching-kuo and a powerful leader in his own right both in the party and in the Government, has gradually built his power base and there has been speculation that he might contest Mr Li Teng-hui for the presidency in a few years.

He has denied this, but the speculation persists.

While the latest Taiwan reshuffle points to conflicts in the administration, there is another school of thought that suggests General Hau's joining the Government could not have been more timely in view of the rising voices demanding "Taiwan for Taiwanese".

The combined influence of both Mr Li Huan and General Hau would be a great boost to the ruling Kuomintang in its attempt to clamp down on dissidents who champion independence for the island, the analysts said.

#### **Chief Prosecutor Comments on Independence Rhetoric**

OW2111040789 Taipei CNA in English  
0233 GMT 21 Nov 89

[Text] Kaohsiung, southern Taiwan, Nov. 21 (CNA)—Chief Prosecutor Shih Ming-chiang of the Supreme Court said Monday election officials have been ordered to collect as much evidence as possible about candidates who spread the idea of Taiwan independence.

"The evidence will be considered after the elections," Shih said as he reaffirmed the government's attitude toward the knotty problem of some opposition candidates openly calling for Taiwan independence during their campaign stumping.

Some new country alliance members of the Democratic Progressive Party have called for "a new country, new constitution," terms which the government and the Kuomintang regard as equivalent to Taiwan independence. If the judicial authorities determined, after screening the evidence, that laws have been violated, involved candidates might well be prosecuted, Shih pointed out.

Shih toured the southern port city of Kaohsiung together with several Central Election Commission officials including Professor Lu Ya-li of National Taiwan University to encourage local police and election officials.

**Vice Minister Urges Investment on Mainland**

OW1911015889 Taipei Domestic Service in Mandarin  
2300 GMT 17 Nov 89

[Text] Wang Chien-hsuan, vice minister of economic affairs, has encouraged local entrepreneurs to make forays into the mainland provided their safety is guaranteed, and to use their economic power to launch a counterattack against the mainland. This is the first time a government official has publicly encouraged manufacturers to make forays into the mainland market.

**Fishing Prohibited in U.S. Economic Zone**

OW2011113889 Taipei International Service  
in English 0200 GMT 15 Nov 89

[Text] ROC fishery authorities have revised management rules for fishing boats operating in the northern Pacific in order to cope with increasing illegal salmon fishing by Taiwan fishing vessels. According to the draft rules, Taiwan fishing boats will be strictly prohibited from operating in the 200-mile economic zones of the United States, the Soviet Union, and Canada. Revised rules are expected to be issued before the end of November. Fishing boat owners and fishermen who repeatedly violate the new rules will also be punished more severely than in the past according to the new rules.

**Trade Negotiations With East Europe Proceed**

OW2011120189 Taipei International Service  
in English 0200 GMT 18 Nov 89

[Text] A ranking Finance Ministry official has said that officials of the Finance and Foreign Affairs Ministries are actively negotiating with officials of East European countries in the hope that a mutual preferential duty treatment agreement can be agreed upon by the ROC and East European countries. Director of the Customs

Administration Wang Te-huai said that economic and trade ties between the ROC and the Eastern Bloc have grown rapidly since the ROC lifted its ban on direct trade with seven Eastern European countries last July. Wang said: East Germany, Hungary, and Yugoslavia have already granted preferential tariff treatment to the ROC and the ROC reciprocated in May of this year. The ROC has not yet signed a preferential tariff treatment agreement with Poland, Czechoslovakia, Bulgaria, and Romania. However, Wang said, negotiations are currently well advanced and an agreement might be reached at any moment.

**Aircraft Financiers Seek Increased Investment**

OW2011213489 Taipei CNA in English  
1117 GMT 20 Nov 89

[Text] Hong Kong, Nov. 20 (CNA)—Aircraft financiers are stepping up activities in the Republic of China [ROC], as the risk of ventures in Communist China is getting high, a local report said Monday.

"A flurry of airline activities in Taiwan following the deregulation of the industry, coupled with sagging financial confidence in Communist China after June 4, has stimulated the island's appetite for aircraft," the report said.

"Deregulation has fostered the growth of 10 ROC domestic airlines, spurring demand for smaller Saab 340 and Short 360 planes," it noted.

The ROC views aircraft imports as an excellent way to reduce its payment surplus in balance, said an aircraft financier.

Over the weekend, banks submitted bids to finance a third airbus A300-600R to be operated by the China Airlines, according to the report.

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